

# **B.C. Pavilion Corporation**

## **2016/17 ANNUAL SERVICE PLAN REPORT**



For more information on B.C. Pavilion Corporation, contact:

**PAVCO CORPORATE OFFICE**

#200 - 999 Canada Place  
Vancouver, BC V6C 3C1  
Tel: (604) 482-2200  
Fax: (604) 681-9017  
Email: [info@bcpavco.com](mailto:info@bcpavco.com)  
Web: [www.bcpavco.com](http://www.bcpavco.com)

**BC PLACE**

777 Pacific Boulevard  
Vancouver, BC V6B 4Y8  
Tel: (604) 669-2300  
Fax: (604) 661-3412  
Web: [www.bcplace.com](http://www.bcplace.com)

**VANCOUVER CONVENTION CENTRE**

1055 Canada Place  
Vancouver, BC V6C 0C3  
Tel: (604) 689-8232  
Fax: (604) 647-7232  
Web: [www.vancouverconventioncentre.com](http://www.vancouverconventioncentre.com)

## Board Chair's Accountability Statement

On behalf of the Board of Directors of B.C. Pavilion Corporation (PavCo), I am pleased to present PavCo's Annual Service Plan Report for fiscal year 2016/17. The PavCo 2016/17 Annual Service Plan Report was prepared under my direction in accordance with the [Budget Transparency and Accountability Act](#) and the B.C. Reporting Principles.

The measures presented in this report are consistent with PavCo's mandate, the Taxpayer Accountability Principles and corporate strategy, and also focus on aspects critical to the organization's performance. I can report that PavCo has achieved the measures in this report, and continues to meet its mandate to create economic and community benefit for the people of B.C., generating \$496 million of economic benefit during 2016/17.

The B.C. Pavilion Corporation's *2016/17 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2016/17 - 2018/19 Service Plan*. I am accountable for those results as reported.



**Stuart McLaughlin**  
Board Chair

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## Chair/CEO Report Letter



We are very pleased to submit the Annual Service Plan Report for B.C. Pavilion Corporation (PavCo) for the 2016/17 fiscal year. Our primary focus at PavCo is to create significant economic and community benefit for the people of British Columbia. We accomplish this by attracting event attendees and guests from around the world, benefitting the people and businesses of B.C. Our strong relationships with government, industry stakeholders, clients, suppliers and members of the community make this possible.

As a Crown Corporation, PavCo is directed by overall government expectations included in our annual [Mandate Letter](#) and the [Taxpayer Accountability Principles](#), and is required to report our performance against those expectations. It is our pleasure to report that PavCo has met the requirements of its 2016/17 Mandate Letter and its operations are aligned with government direction regarding taxpayer accountability.



2016/17 was another successful year for PavCo. Through marketing our world class facilities internationally, our iconic facilities welcomed 1.8 million visitors from across the province and around the world for conventions, sport, entertainment and other events, generating \$496 million in economic impact for B.C.

Our strong global reputation and comprehensive sales and marketing efforts ensure the Vancouver Convention Centre continues to be extremely successful. In 2016/17 the Convention Centre generated \$368 million in economic impact through spending from delegates outside Metro Vancouver, an increase of \$14 million over the previous year. Since the opening of our West building in 2009, a cumulative \$2.27 billion<sup>1</sup> of economic impact has been generated by the Convention Centre. For the third consecutive year, we achieved this level of performance while remaining profitable, generating positive earnings of \$3.4 million.

During the year, the Convention Centre once again earned international acclaim, receiving the prestigious honors of Best Convention Centre and Best Convention Centre Service in North America by Watkins Research Group. The Convention Centre was also the first venue in the Americas to be accredited as a Healthy Venue by the World Obesity Federation.

BC Place continues to generate significant benefits for the province with more than one million people attending events at the Stadium annually. Economic impact generated by BC Place over the past year was \$128 million; since the Stadium's revitalization in 2011, economic impact has totalled \$790 million. Additionally, a strong focus on cost efficiencies, combined with higher than forecast

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<sup>1</sup> Economic impact for fiscals 2010 through 2012 was re-calculated using the BC Stats Model, which PavCo adopted in fiscal 2013 forward. Prior to fiscal 2013, economic impact was calculated using a model that had been previously adopted by some other North American Convention Centres known as the "Mixed Model".

revenues, resulted in 16 percent improvement compared to budget in 2016/17. BC Place strengthened its reputation as Canada’s premier stadium, ranking among the “Top 100 Stadium Experiences of 2016” by Stadium Journey.

PavCo’s venues are proud to support the community. Both facilities partner with a wide range of local charities and causes to provide support and recognition, helping enhance the impact they make in our local community.

The development of PavCo’s lands adjacent to BC Place, including Paragon Gaming’s Parq development, will be a catalyst for growth in downtown Vancouver’s Stadium District, generating significant opportunities such as commercial developments, tourism and hospitality infrastructure and community amenities.

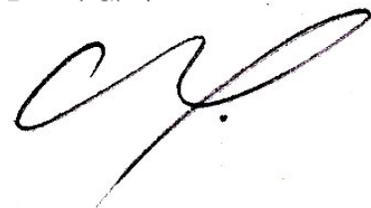
As part of a strategic engagement process put in place over the past year, PavCo worked with the Ministry of Transportation and Infrastructure (the ministry responsible for PavCo) to ensure accountability for outcomes and measures. In addition to quarterly meetings between the Minister, PavCo’s Chair, President & CEO and representatives from PavCo participate in regularly scheduled meetings with senior Ministry of Transportation and Infrastructure officials, and attend other meetings as scheduled.

PavCo’s Board of Directors received education and evaluation opportunities intended to enhance their understanding of their role, and the government’s expectations. These processes included a presentation to the Board of Directors on the Crown Accountability System and briefing materials for new board members.

As part of PavCo’s commitment to fiscal responsibility, and to ensure BC Place and the Vancouver Convention Centre continue to contribute to the economy of British Columbia, PavCo will continue to work with government to meet and exceed objectives set out in its Mandate Letter and in the Taxpayer Accountability Principles.



**Stuart McLaughlin**



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

## **Purpose of the Organization**

B.C. Pavilion Corporation (PavCo) 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 is a provincial Crown Corporation with a mandate to “generate economic and community benefit for the people of British Columbia through the prudent management of its public facilities”. These facilities are located in downtown Vancouver: BC Place Stadium (BC Place) and the Vancouver Convention Centre (Convention Centre). PavCo owns and operates both BC Place and the Convention Centre. It operates the East building of the Convention Centre under a lease with Canada Place Corporation, owned and operated by the Vancouver Fraser Port Authority.

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

## **Strategic Direction and Context**

In accordance with government direction, PavCo has adopted the Government of British Columbia's Taxpayer Accountability Principles. The organization's policies, processes and values align with the principles of cost consciousness, accountability, appropriate compensation, service, respect and integrity. The [2016/17 Mandate Letter](#), as provided by the Ministry of Transportation and Infrastructure, outlines PavCo's specific and strategic priority actions for 2016/17.

In fiscal 2016/17, PavCo continued to focus on sales and marketing efforts to increase attendance by out-of-province guests, while improving its financial health and sustainability through the prudent management of its public facilities. In doing so, PavCo delivers on its mandate of generating economic and community benefit for the people of British Columbia.

During the year, the Convention Centre continued to pursue convention and event business from outside of British Columbia to attract non-resident delegates and create the greatest economic impact while attracting events that provide community benefits and showcase B.C. industries. The Convention Centre operates in a highly competitive industry and within a marketplace with constrained hotel availability and rising hotel average daily rates during peak periods. As a result, the facility targets high yield business in periods with available venue and hotel occupancy. The Convention Centre has worked to ensure that optimum mix of business is booked to maximize revenue while meeting the mandate to generate economic and community benefits. The Convention Centre leveraged available resources and market reach by working closely with partners such as Tourism Vancouver, the Vancouver Hotel Destination Association, Destination BC and Business Events Canada.

BC Place is the largest multi-purpose facility of its kind in Western Canada, serving the region as a venue for sport, entertainment, cultural and community activities that would not otherwise take place

in British Columbia. BC Place is one of the few stadiums in North America that is both government-owned and also home to two separately owned professional sports teams. BC Place works closely with the Vancouver Whitecaps FC and BC Lions Football Club to build attendance and support revenue growth for BC Place and the resident sports teams. BC Place also focused efforts on maximizing opportunities for the Stadium when it is not in use by the resident sports teams. Schedule availability remained a challenge for new event business as the majority of prime event dates during the year were occupied by the resident sports teams. To operate efficiently within the limited date availability, business development efforts for future years focused on high-value event opportunities, including live entertainment, regional, national and international championship sporting events, as well as in-fill business from special events, banquets and film shoots. Additionally, conversion times to prepare the building from event to event have been significantly reduced, from an average of 48 hours in 2012/13 to less than 16 hours in 2016/17. This has resulted in improved date availability during peak demand periods.

PavCo is a major landowner in Vancouver's North East False Creek neighbourhood, and the revitalization of the Stadium District represents a significant opportunity for the corporation. PavCo engaged in discussions with various stakeholders undertaking infrastructure changes in the surrounding areas, such as the City of Vancouver's proposed removal of the viaducts and Paragon's Parq development, scheduled to open in fall 2017. PavCo continues to work with developers, the City of Vancouver and adjacent property owners to ensure that any current and future impacts on Stadium operations are minimized and opportunities are maximized.

## **Report on Performance**

PavCo has successfully delivered on the performance expectations outlined in the 2016/17 Mandate Letter (see Appendix C for the status update on the specific priorities outlined in the Mandate Letter). Furthermore, in alignment with government direction, PavCo met the expectations as outlined in the Taxpayer Accountability Principles and this report assists in evaluating PavCo against those principles.

PavCo works with the Ministry of Transportation and Infrastructure, the ministry responsible for the corporation, to provide for its board and executive more comprehensive communication, orientation and training regarding the Taxpayer Accountability Principles. This assists in holding PavCo accountable for the outcomes and measures identified by its ministry.

In alignment with government direction, PavCo strives to generate economic and community benefit for the province of B.C. while efficiently managing its facilities. PavCo's facilities generated \$496 million in economic benefit in 2016/17. Economic benefit is generated through clients' and attendees' use of services and products supplied by B.C. businesses, and attendees travelling before and after events to areas of B.C. outside Vancouver.

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

As outlined in the *2016/17 - 2018/19 Service Plan*, PavCo's main strategic goals are to:

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

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

For all of the performance measures outlined below, actual results for 2016/17 are compared against the *2016/17-2019/20 Service Plan* target for 2016/17, while targets for 2017/18 and 2018/19 reflect those contained in the *2017/18-2019/20 Service Plan*.

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

In 2016/17, PavCo and its facilities generated \$496 million of economic benefit for the people of British Columbia through the prudent management of its public facilities. The events held at PavCo's facilities supported British Columbia's tourism and hospitality industries, as well as contributing to trade development. Clients and guests visiting BC Place and the Vancouver Convention Centre from outside the province helped drive visitation numbers to record levels for Vancouver in 2016<sup>2</sup>.

As two of the largest community gathering places in the province of British Columbia, BC Place and the Vancouver Convention Centre host events such as global summit meetings, professional and amateur sports, trade and consumer shows, and cultural, film and entertainment events that create significant community benefit for the people of British Columbia. Events and conventions held at PavCo's facilities provide an important platform for the exchange of information and knowledge across industry sectors, including technology, medicine, creative arts, education and intellectual sciences. These events advance business development opportunities for residents of B.C.

PavCo strives to maximize the positive economic impact it brings to the province each year and to minimize its reliance on government funding. This is being achieved by balancing competitiveness within the marketplace while managing the ongoing costs of operating two world class facilities. This is in alignment with the Taxpayer Accountability Principle to strengthen cost consciousness.

PavCo has developed a five year plan to improve the financial performance of BC Place, including partnerships with key license holders, as directed in the 2016/17 Mandate Letter.

#### **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.
- 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 become more efficient.
- Work with the resident sports teams to address the complexities associated with the unique operating model of BC Place.

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<sup>2</sup> Tourism Vancouver media release: Vancouver Sets New Tourism Record With More than 10 Million Visitors in 2016 <https://www.tourismvancouver.com/media/articles/post/vancouver-sets-new-tourism-record-with-more-than-10-million-visitors-in-2016/>

**Performance Measure 1:**

<b>Performance Measure</b>	<b>2013/14 Actual</b>	<b>2014/15 Actual</b>	<b>2015/16 Actual</b>	<b>2016/17 Target<sup>2</sup></b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>
<b>Total Economic Impact</b>							
Economic Impact at Vancouver Convention Centre from all spending from outside Metro Vancouver	\$209m	\$302m	\$354m	\$345m	\$368m	\$277m	\$333m
Economic Impact at BC Place from all spending	\$145m	\$122m	\$202m	\$110m	\$128m	\$130m	\$100m
<b>Economic Impact from out-of-province (non-resident) attendance</b>							
Economic Impact at Vancouver Convention Centre from spending from outside British Columbia	\$181m	\$256m	\$311m	\$311m	\$326m	\$237m	\$282m
Economic Impact at BC Place from spending by people from outside British Columbia	\$31m	\$26m	\$71m	\$22m	\$26m	\$25m	\$22m

<b>Performance Measure</b>	<b>2013/14 Actual</b>	<b>2014/15 Actual</b>	<b>2015/16 Actual</b>	<b>2016/17 Target<sup>2</sup></b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>
Delegate Days to Vancouver Convention Centre by visitors from outside British Columbia <sup>1</sup>	304,000	421,000	511,000	515,000	535,800	395,000	479,000
Delegate Days for all visitors outside Metro Vancouver to Vancouver Convention Centre <sup>1</sup>	385,000	554,000	637,000	614,000	658,800	511,000	633,000
Total Attendance at BC Place events <sup>2</sup>	1,192,000	1,063,000	1,508,000	1,060,000	1,084,000	1,000,000	1,000,000
Operating deficit target, before government sustaining contributions (\$millions) <sup>3</sup>	\$19.482	\$17.741	\$13.187	\$20.067	\$13.097	\$24.272	\$(0.338)

Data Source:

<sup>1</sup> Delegate days for attendees at Vancouver Convention Centre for fiscal 2016/17 were actual days recorded in PavCo's event management system. Delegate days targets for fiscal 2017/18 and onwards are based on confirmed bookings in the event management system, tentative bookings and an estimate of future bookings based on previous attendance statistics

<sup>2</sup> Attendance at BC Place is the total of announced attendance by show managers for attendance at their events.

<sup>3</sup> The corporate operating deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating gains/(losses) before land disposition, interest, amortization, redevelopment expense, grants to third parties and contributions are: 2013/14 (\$5.344m), 2014/15 (\$3.466m), 2015/16 (\$0.143m), 2016/17 (\$1.152m), 2017/18 (\$5.494m) and 2018/19 (\$3.716m).

## **Discussion**

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 and the multiplier effect through the economy of such spending.

PavCo achieved or exceeded its performance measures for creating economic and community benefit while also achieving a significant improvement against its operating budget. PavCo made a number of improvements to its internal operating environment, with a focus on streamlining operations and identifying further opportunities for revenue generation and cost savings at its two facilities.

### Vancouver Convention Centre

In 2016/17, the economic impact generated by the Vancouver Convention Centre from all spending from delegates outside Metro Vancouver was \$368 million, exceeding its target of \$345 million by \$14 million. The Convention Centre also exceeded its target for non-resident delegate days (NRDDs) in 2016/17, reaching 535,800 in NRDDs, the highest number of NRDDs achieved within the last five fiscal years. Over the past year, the Convention Centre welcomed 781,000 people to the facility for 578 events, of which 64 were conventions and 65 were trade and consumer shows.

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

Non-resident delegates and exhibitors generate the highest economic returns for British Columbia. As verified through regular 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.

For the third consecutive year, the Vancouver Convention Centre achieved an operating profit as a result of increased event revenue, continued cost savings initiatives and comprehensive sales and marketing efforts, while continuing to deliver world class guest service performance, exceptional culinary experiences, and meeting targets for service quality.

International recognition continues to support the Convention Centre's marketing initiatives to attract events that optimize economic and community benefit. The Vancouver Convention Centre was rated as the Best Convention Centre and Best Convention Centre Service in North America by Watkins Research Group. The facility became the first Healthy Venue accredited in the Americas and second in the world by the World Obesity Federation. The Convention Centre was the first facility in Canada and only one of two facilities worldwide to earn the Venue Level Four certification from the Convention Industry Council's Accepted Practices Exchange (APEX) and American Society for Testing and Materials – the highest standard for sustainability in the meetings and convention industry. Furthermore, the Convention Centre earned two significant marketing awards for a campaign created for the Professional Convention Management Association's 2016 Convening Leaders

Conference held at the facility. These awards include Destination Canada's Explore Canada Awards of Excellence for "Most Innovative PR Campaign" and the BC chapter of the American Marketing Association's Marketing Excellence Award.

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 rather than 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, fiscal 2017/18 has for several years been identified as a low year for larger city-wide conventions. PavCo's mitigation strategy is to actively book smaller groups that have a shorter booking window into this period and are targeting corporate, symposia, culture, entertainment and film as well as new trade and consumer shows. On a cumulative five year basis however, the overall economic impact and delegate days as presented in this annual report have improved over previous years' annual reports.

### BC Place Stadium

Events hosted at BC Place in 2016/17 generated \$128 million in economic impact in British Columbia. More than one million people attended events at BC Place in 2016/17. Attendance and economic impact from events hosted at BC Place in 2016/17 were generated mainly from tenant teams and recurring annual events, and therefore reflect a baseline year when compared to the record results achieved in 2015/16, which included the FIFA Women's World Cup.

Revenues at BC Place are driven primarily by event attendance, food and beverage sales, advertising properties and sponsorship activities. Accordingly, BC Place develops and implements attendance building initiatives with its primary tenants.

The 2017 Canada Sevens – part of the World Rugby Sevens Series – continues to grow as a signature event for BC Place. Ticket sales for the event in March 2017 grew by 26 percent compared to 2016, creating significant non-resident attendance and economic impact, as well as outstanding global media coverage for the venue.

The attraction of international events to BC Place is supported by its ability to solidify its position as Canada's premier stadium and home for world class international events. In addition to being the home of two professional sports teams, the BC Lions Football Club and Vancouver Whitecaps FC, the Stadium hosted other large events such as Canada's Men's National Rugby Team versus Japan – the first-ever international rugby test match at BC Place; Canada's Men's National Soccer Team versus El Salvador in a FIFA World Cup qualifier; and Canada's Women's National Team versus Mexico in their Olympic Medal Celebration Match. During 2016/17, BC Place was also ranked among the top 100 (out of more than 761) international venues for the "best stadium experiences of 2016" by Stadium Journey, a community-based sports travel information website featuring over 2,500 unique stadium reviews.

The development of the adjacent stadium lands which includes the Parq Vancouver Urban Resort opening in the fall of 2017, as well as the planned development of the 10C land parcel represents significant business development opportunities. With BC Place as the hub of this developing

neighbourhood, PavCo is an important part of the community, contributing to the success and vibrancy of the Stadium District.

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

PavCo’s facilities continue to build on their reputations as world class event hosts. Exceptional client and guest satisfaction outcomes achieved in 2016/17 have strengthened PavCo’s reputation among industry stakeholders, generating incremental business from across North America. This has not only helped PavCo achieve its goal of maximizing economic benefit and corporate profit, but also aligns with the Taxpayer Accountability Principles of cost consciousness and service.

**Strategies**

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

**Performance Measure 2:**

<b>Performance Measure</b>	<b>2013/14 Actual</b>	<b>2014/15 Actual</b>	<b>2015/16 Actual</b>	<b>2016/17 Target</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>
Service Quality - Loyalty Index, Convention Centre <sup>1</sup>	9.2/10	9.3/10	9.4/10	9.2/10	9.2/10	9.2/10	9.2/10
Client Satisfaction, BC Place	3.9/5	4.1/5	4.1/5	4.1/5	4.2/5	4.1/5	4.1/5
Guest Satisfaction, BC Place	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5

Data Source:

<sup>1</sup> With the launch of the new survey in 2016, the completion ratio has climbed to 48 percent, which is well above the industry average.

## **Discussion**

Surveys are conducted with clients and guests to determine their satisfaction levels and expectations. The event business is very competitive and attendee satisfaction is critical.

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

At the Vancouver Convention Centre, all employees, including official and exclusive supplier partners, conduct daily 'line-up' meetings that focus on the facility's service philosophy, as well as attend a training session focused on service excellence.

At BC Place, a comprehensive on-line Client Satisfaction Survey is sent to all clients who hold events during the year. Data from the survey measures the client experience from the time of booking, up to preparation of the final billing for the event.

Guest satisfaction results at BC Place are collected via touch-screen stations distributed throughout the Stadium. Results are collected during BC Lions games, Whitecaps FC matches and other public events. Data from the survey measures guest satisfaction in guest service, food and beverage and overall experience at the facility.

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

PavCo recognizes the importance of attracting and retaining high quality employees, as employees play a vital role in customer service and guest experience. Engaged employees are also more committed to their work and the objectives of their employer. This goal aligns with the Taxpayer Accountability Principles: compensation, respect and integrity.

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

### **Strategies**

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

**Performance Measure 3:**

<b>Performance Measure</b>	<b>2013/14 Actual</b>	<b>2014/15 Actual</b>	<b>2015/16 Actual</b>	<b>2016/17 Target<sup>2</sup></b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>	<b>2018/19 Target</b>
Employee Engagement - Score on Employee Surveys, BC Place <sup>1</sup>	3.8	N/A	3.9	4.0	3.8	4.0	4.0
Employee Engagement - Score on Employee Surveys, Convention Centre <sup>2</sup>	4.3	N/A	N/A	4.4	4.4	4.4	4.4
Retention of Event staff at BC Place <sup>3</sup>	70%	77%	72%	72%	68%	72%	72%

Data Source:

<sup>1</sup> Employee Engagement Survey Scores at BC Place reflect the results of an annual employee engagement survey of all full and part time employees, including event staff. In 2014/15 BC Place adjusted the date for conducting its annual employee engagement survey from February to June, which resulted in a survey not being performed in that fiscal period.

<sup>2</sup> Employee Engagement Survey Scores at the Vancouver Convention Centre reflect the results of an annual employee engagement survey of all full and part time employees. A new survey, now provided by Sentis Market Research, was launched in fiscal 2016/17. In 2014/15 there was a change in HR leadership the Vancouver Convention Centre which resulted in the postponement of the employee survey until a complete review had been conducted by the new HR Director.

<sup>3</sup> Retention is calculated based on required staffing levels for a twelve month period against actual turnover.

**Discussion**

In 2016/17, PavCo and the BC Government and Service Employees' Union entered into a new five year collective agreement. This agreement covers approximately 600 staff at BC Place and expires on May 31, 2020.

**Employee Engagement**

PavCo's employees are its greatest resource. Furthermore, engaged employees are a crucial factor in achieving PavCo's strategic goals. By soliciting feedback and ensuring two-way communication, PavCo develops talent within the organization and builds its levels of customer service.

Considering the unique nature of BC Place's employee base - the majority are casual employees with a turnover of approximately 30 percent - PavCo considers an employee engagement score of 4.0 as a reasonably strong target.

The Vancouver Convention Centre launched its new survey for fiscal 2017, which is now provided by Sentis Market Research. The new survey measures different metrics from the previous service provider and will continue annually. The survey measures employee ratings on the following areas: communication and direction, management effectiveness, commitment to results, job satisfaction, professional workplace and work life balance, organizational satisfaction and commitment, retention and development, and familiarity with the Vancouver Convention Centre's service standards. In the current year, the Convention Centre has performed consistently well, with a strong engagement score of 4.4.

#### Employee Retention

BC Place recognizes it is critical to retain staff in consideration of the high cost of recruiting and training new personnel. Given the seasonal nature of the stadium business, employee turnover tends to be higher than other industries. Management continues to explore statistical comparisons. The retention rate for 2016/17 was 68 percent against the target of 72 percent. The primary reason for higher turnover relates to a requirement for event staff to be available to work a high proportion of scheduled events. This requirement ensures that the venue retains a dedicated workforce. There is also an increasing trend of part time and casual staff moving away from Vancouver and the Lower Mainland. BC Place continues to measure and look at trends including those identified in the BC 2025 Labour Market Outlook to adjust in meeting this important goal.

## Financial Report

### Financial Report Summary Table

The tables below provide an overview of PavCo's financial performance relative to its 2016/17 – 2018/19 Service Plan.

(in \$000s)	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual
<b>Revenue</b>						
Event revenues	47,557	47,812	50,901	55,239	67,360	66,298
Lease revenues	2,712	3,110	3,536	3,616	3,529	3,721
Miscellaneous revenues	32,288	3,377	6,141	4,185	3,830	3,451
Interest revenue	901	434	273	170	135	165
Revenue from Operations	<b>83,458</b>	<b>54,733</b>	<b>60,851</b>	<b>63,210</b>	<b>74,854</b>	<b>73,635</b>
Sustaining Contributions	15,604	12,484	8,977	8,992	9,022	9,099
Deferred Contributions	34,859	39,246	41,678	38,943	37,798	36,210
<b>Total Revenue</b>	<b>133,921</b>	<b>106,463</b>	<b>111,506</b>	<b>111,145</b>	<b>121,674</b>	<b>118,944</b>
<b>Expenses</b>						
Event direct costs	27,314	27,162	28,782	30,036	36,948	36,066
Salaries, wages and benefits	15,526	16,189	16,454	15,745	16,620	17,769
Operating expenses	14,707	14,141	14,050	14,443	14,716	14,278
General and administration	4,941	4,420	3,879	3,695	3,954	3,769
Business development	2,421	4,024	773	984	929	924
Professional consulting fees	2,857	2,534	2,257	1,773	1,830	1,981
Interest on long term debt	-	-	7,326	7,255	6,195	4,757
Redevelopment	25,001	-	152	294	559	451
Amortization	39,680	48,208	48,338	45,669	44,088	42,947
<b>Total Expenses</b>	<b>132,447</b>	<b>116,678</b>	<b>122,011</b>	<b>119,894</b>	<b>125,839</b>	<b>122,942</b>
<b>Net Income (Deficit) after Government contributions</b>	<b>1,474</b>	<b>(10,215)</b>	<b>(10,505)</b>	<b>(8,749)</b>	<b>(4,165)</b>	<b>(3,998)</b>
<b>Accumulated surplus (Deficit)</b>	<b>100,547</b>	<b>90,332</b>	<b>79,827</b>	<b>71,078</b>	<b>66,913</b>	<b>62,915</b>
<b>Debt</b>	<b>150,000</b>	<b>150,000</b>	<b>149,171</b>	<b>147,452</b>	<b>145,648</b>	<b>143,090</b>
<b>Major capital expenditures</b>	<b>195,111</b>	<b>1,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual sustaining capital expenditures</b>	<b>4,031</b>	<b>5,114</b>	<b>2,744</b>	<b>1,508</b>	<b>5,156</b>	<b>8,196</b>

(in \$000s)	2015/16 Actual	2016/17 Actual	Prior Year Variance	2016/17 Budget	Plan Variance
<b>Revenue</b>					
Event revenues	67,360	66,298	(1,062)	57,330	8,968
Lease revenues	3,529	3,721	192	3,455	266
Miscellaneous revenues	3,830	3,451	(379)	2,976	475
Interest revenue	135	165	30	17	148
Revenue from Operations	<b>74,854</b>	<b>73,635</b>	<b>(1,219)</b>	<b>63,778</b>	<b>9,857</b>
Sustaining Contributions	9,022	9,099	77	9,099	-
Deferred Contributions	37,798	36,210	(1,588)	39,070	(2,860)
<b>Total Revenue</b>	<b>121,674</b>	<b>118,944</b>	<b>(2,730)</b>	<b>111,947</b>	<b>6,997</b>
<b>Expenses</b>					
Event direct costs	36,948	36,066	882	32,064	(4,002)
Salaries, wages and benefits	16,620	17,769	(1,149)	18,584	815
Operating expenses	14,716	14,278	438	14,081	(197)
General and administration	3,954	3,769	185	4,114	345
Business development	929	924	5	1,221	297
Professional consulting fees	1,830	1,981	(151)	2,055	74
Interest on long term debt	6,195	4,757	1,438	4,756	(1)
Redevelopment	559	451	108	1,750	1,299
Amortization	44,088	42,947	1,141	44,291	1,344
<b>Total Expenses</b>	<b>125,839</b>	<b>122,942</b>	<b>2,897</b>	<b>122,916</b>	<b>(26)</b>
<b>Net Income (Deficit) after Government contributions</b>	<b>(4,165)</b>	<b>(3,998)</b>	<b>(167)</b>	<b>(10,969)</b>	<b>(6,971)</b>
<b>Accumulated surplus (Deficit)</b>	<b>66,913</b>	<b>62,915</b>	<b>(3,998)</b>	<b>55,944</b>	<b>6,971</b>
<b>Debt</b>	<b>145,648</b>	<b>143,090</b>	<b>2,558</b>	<b>143,091</b>	<b>1</b>
<b>Annual sustaining capital expenditures</b>	<b>5,156</b>	<b>8,196</b>	<b>(3,040)</b>	<b>14,822</b>	<b>6,626</b>

## Discussion of Results

### *Financial Results for the Year Ended March 31, 2017*

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

Overall results for 2016/17 reflected a net loss of \$3.998 million relative to a budgeted loss of \$10.968 million and a prior year loss of \$4.165 million.

The positive variances compared to budget were due to much stronger event revenues, event margins and continued facility cost efficiency initiatives. Revenues increased \$9.857 million or 15 percent over Service Plan targets. The increase compared to budget was related primarily to event revenues of \$66.298 million. This increase in revenues over budget was achieved with total expenses remaining stable compared to budget.

As compared to the prior year, revenue from operations decreased \$1.219 million or 2 percent, mainly related to the Stadium's event revenues. At BC Place, unlike the previous year, the event schedule during 2016/17 did not include any significant one-time events such as FIFA Women's World Cup or major concerts. As a result, event revenues were lower than the prior year. Offsetting this were strong results at the Convention Centre compared to the prior year.

Revenues, gross margins and net operating results at the Vancouver Convention Centre were all stronger than the prior year and the budgeted Service Plan. Major conventions and conferences including American Academy of Neurology, Million Dollar Round Table, American Society of Human Genetics, Young Presidents' Organization and others contributed to the continued success of the Convention Centre. The increased activity and event revenues at the Convention Centre resulted in greater event direct costs and operating costs to service these events.

Cost efficiency initiatives continued to be implemented at both facilities through systematic reviews of procurement and sustainability initiatives. This resulted in facility costs across multiple categories at both venues being better than budget.

While staffing costs increased over the prior year, they were still below budget as PavCo experienced recruitment lag when vacancies were not filled as quickly as planned. A portion of these vacancies will be filled in the upcoming year; management will continue to review each position to determine the need to re-hire. The success of PavCo's business will continue to rely on qualified personnel at all levels.

In accordance with the revised terms of the loan agreement with the Province of British Columbia, PavCo incurred interest charges of \$4.757 million in 2016/17 compared to \$6.195 million in 2015/16.

Redevelopment costs were \$1.299 million less than budget due to changes in the timing of expenditures, which in turn resulted in a corresponding variance in deferred contributions.

Reflecting the significant capital investment in PavCo, amortization of capital assets accounted for approximately 35 percent of total costs at \$42.947 million. This is consistent with the prior year of total costs. Capital expenditures amounted to \$8.196 million, representing a broad range of items such as routine asset upgrades, efficiency improvements, and critical safety projects. No major projects accounted for a significant amount.

## ***Audited Financial Statements***

March 31, 2017

# **B.C. Pavilion Corporation**

## **Statement of Management Responsibility**

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Systems of internal control are developed and maintained by management to provide reasonable assurance that reliable information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The B.C. Pavilion Corporation Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements annually. Significant financial reporting or internal control matters are discussed by the Board and its Audit and Finance Committee prior to their approval of the corporation's financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the B.C. Pavilion Corporation financial statements. The auditors have full and free access to financial management of B.C. Pavilion Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements for B.C. Pavilion Corporation.



Stuart McLaughlin  
Chair – Board of Directors



Rehana Din  
Chief Financial Officer

Vancouver, British Columbia  
June 20, 2017



## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the B.C. Pavilion Corporation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and change in accumulated surplus, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

recognize revenue on the same basis as the related assets are amortized. The entity was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

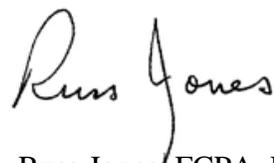
Under Canadian Public Sector Accounting Standards, the entity's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received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

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, the entity's records indicate that the effects of this departure on the current year financial statements is an overstatement of the liability for deferred contributions of \$920.7 million, an understatement of opening accumulated surplus of \$948.3 million, and a current year overstatement of revenue of \$27.6 million. Accordingly, the current year operating deficit is understated by \$27.6 million and net debt is overstated by \$920.7 million.

### *Qualified Opinion*

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the B.C. Pavilion Corporation as at March 31, 2017, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Victoria, British Columbia  
June 22, 2017



Russ Jones, FCPA, FCA  
Deputy Auditor General

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

	<i>Note</i>	<b>March 31 2017</b>	<b>March 31 2016</b>
<b>Financial Assets</b>			
Cash and cash equivalents	5	29,937	19,653
Accounts receivable	6	12,511	34,284
Due from governments	7	8,033	-
		50,481	53,937
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	18,099	16,757
Due to governments	8	9,417	9,456
Employee leave liability	10	901	864
Deferred revenue	11	38,372	43,281
Deferred contributions – government	12	909,333	935,313
Deferred contributions – other	13	11,411	13,000
Long term debt	14	143,090	145,648
		1,130,623	1,164,319
<b>Net financial debt</b>		<b>(1,080,142)</b>	<b>(1,110,382)</b>
<b>Non-financial assets</b>			
Tangible capital assets	15,23	1,141,687	1,176,676
Inventories held for use		124	114
Prepaid expenses		1,246	505
		1,143,057	1,177,295
<b>Accumulated surplus</b>		<b>62,915</b>	<b>66,913</b>
<b>Contingencies and contractual obligations</b>	16		

Approved on behalf of the board:



Stuart McLaughlin  
Chair – Board of Directors



John Dyble  
Chair - Governance, Finance, and Audit Committee

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

**B.C. Pavilion Corporation**  
**Statement of Operations and Change in Accumulated Surplus**  
(in \$000s)

	<u>Note</u>	<u>March 31 2017</u>		<u>March 31 2016</u>
		<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(Note 21)</i>		
<b>Revenues</b>	24			
Event revenues		57,330	66,298	67,360
Lease revenues		3,455	3,721	3,529
Miscellaneous revenues		2,976	3,451	3,830
Operating contributions - government		9,099	9,099	9,022
Deferred contributions - government		37,490	34,621	36,160
Deferred contributions - other		1,580	1,589	1,638
Interest revenue		17	165	135
		<u>111,947</u>	<u>118,944</u>	<u>121,674</u>
<b>Expenses</b>	17,18, 24			
BC Place Stadium		53,387	50,256	57,466
Vancouver Convention Centre		69,529	72,686	68,373
		<u>122,916</u>	<u>122,942</u>	<u>125,839</u>
<b>Annual operating deficit</b>		<u>(10,969)</u>	<u>(3,998)</u>	<u>(4,165)</u>
Accumulated surplus, beginning of year		<u>66,913</u>	<u>66,913</u>	<u>71,078</u>
Accumulated surplus, end of year		<u><u>55,944</u></u>	<u><u>62,915</u></u>	<u><u>66,913</u></u>

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

**B.C. Pavilion Corporation**  
**Statement of Change in Net Financial Assets (Debt)**  
(in \$000s)

	March 31 2017		March 31 2016
	Budget	Actual	Actual
	<i>(Note 21)</i>		
Annual operating surplus (deficit)	(10,969)	(3,998)	(4,165)
Acquisition of tangible capital assets	(14,822)	(8,196)	(5,156)
Amortization of tangible capital assets	44,290	42,947	44,088
Loss on disposal of asset	-	238	-
	18,499	30,991	34,767
Acquisition of prepaid expense	-	(3,638)	(3,123)
Use of prepaid expense	-	2,897	4,211
	-	(741)	1,088
Acquisition of inventory for use	-	(126)	(211)
Use of inventory	-	116	156
	-	(10)	(55)
Decrease in net financial debt	18,499	30,240	35,800
Net financial debt – beginning of year		(1,110,382)	(1,146,182)
Net financial debt – end of year		(1,080,142)	(1,110,382)

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

**B.C. Pavilion Corporation**  
**Statement of Cash Flows**  
(in \$000s)

	<u>March 31</u> <u>2017</u>	<u>March 31</u> <u>2016</u>
<b>Operating transactions</b>		
Surplus (Deficit) for the year	(3,998)	(4,165)
<i>Non-cash items included in surplus (deficit):</i>		
Amortization of tangible capital assets	42,947	44,088
Amortization of deferred contributions - government	(34,621)	(36,160)
Amortization of deferred contributions - other	(1,589)	(1,638)
Loss on disposal of asset	238	-
Accounts receivable	21,773	(3,701)
Due from governments	(1,069)	-
Due to governments	(39)	(21)
Accounts payable and accrued liabilities	1,342	(2,435)
Employee leave liability	37	110
Deferred revenue	(4,909)	(1,327)
Inventories held for use	(10)	(55)
Prepaid expenses	(741)	1,088
<i>Cash provided by or (used in) operating transactions</i>	<u>19,361</u>	<u>(4,216)</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(8,196)	(5,156)
<i>Cash used in capital transactions</i>	<u>(8,196)</u>	<u>(5,156)</u>
<b>Financing transactions</b>		
Deferred contributions – government	1,677	10,000
Deferred contributions – other	-	500
Long term debt	(2,558)	(1,804)
<i>Cash provided by or (used in) financing transactions</i>	<u>(881)</u>	<u>8,696</u>
(Decrease)/increase in cash and cash equivalents	10,284	(676)
Cash and cash equivalents - beginning of year	19,653	20,329
Cash and cash equivalents - end of year	<u>29,937</u>	<u>19,653</u>
Cash and cash equivalents are made up of:		
Cash	27,177	16,893
Cash equivalents	2,760	2,760
	<u>29,937</u>	<u>19,653</u>

Interest received during the year was \$0.165 million (2016: \$0.135 million). Interest expensed during the year was \$4.757 million (2016: \$6.195 million). Interest received is made up of interest income from the Statement of Operations. Interest paid during the year is made up of interest expense from the Statement of Operations plus the decrease in accrued interest payable in the amount of \$0.233 million (2016: \$1.016 million)

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

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

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

**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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#### **1. Authority and Nature of Operations**

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. (VCCEP). PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Minister of Transportation and Infrastructure. As a provincial crown agency, PavCo is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo achieves this by developing, marketing and operating iconic world class public convention, sports and entertainment facilities. The corporation owns and operates BC Place Stadium and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act.

#### **2. Significant Accounting Policies**

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers and externally restricted contributions. Significant accounting policies used in the preparation of these financial statements are:

##### ***Financial assets***

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts and loans receivable are recorded at cost less the amount of any valuation allowance (bad debt allowance). Valuation allowances are made when collection is in doubt. Changes in valuation allowances are recognized as expenses in the period when the valuation change is made. Interest is only accrued on receivables when collection is certain.

##### ***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs (excluding land), less any residual value, are amortized over their estimated useful lives to PavCo as follows:

Building and improvements	10 to 50 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement or the term of the lease, straight line
Equipment and other capital assets	1 to 10 years, straight line
Furniture	3 to 20 years, straight line
Vehicles	30% per annum, declining balance
Computer hardware and software	3 to 5 years, straight line

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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

Assets under construction are recorded at cost and include direct costs during development and construction, indirect costs that are directly attributable to the construction or development activity and other carrying costs. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

In the year of asset acquisition, amortization will be recorded at 50% of the normal annual rate, calculated for the asset as per above. In the final year or the year of disposition, amortization will be charged at 50% of the annual rate.

The corporation has entered into agreements where value-in-kind (VIK) is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in its applicable tangible capital asset class.

Contributed tangible capital assets are recorded at fair value as of the date of contribution. When fair value of a contributed asset cannot be determined by market or appraisal estimates, the asset is recorded at nominal value.

PavCo reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to PavCo's ability to provide goods and services.

PavCo does not report the cost of its artwork and theming program in the Statement of Financial Position as artwork is not recognized under public sector accounting standards. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

***Inventories***

Inventories consist of minor consumable supplies held for use in the course of operations at PavCo's facilities and are recognized at historical cost.

***Prepaid expenses***

Prepaid expenses include cash disbursements for facility insurance and future event and operational costs, which will be charged to expense over the periods expected to benefit from it.

***Revenue recognition***

Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue.

Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

Revenues received in advance from lease and business alliance agreements, and expenses incurred to generate them, are deferred and amortized on a straight line basis over the term specified in the agreements.

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

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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

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

***Capital Contributions***

The value of contributed depreciable tangible capital assets or funding received from government or other external sources for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions. These contributions are amortized to revenue in the period during which the assets are used to provide services, at the same amortization rate as the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers or externally restricted contributions be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer or externally restricted contribution contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

Funding received for the acquisition of land or a transfer in the form of land, is recognized as revenue in the same period that the asset is acquired.

***Expenses***

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

Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense.

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

***Foreign currency transactions***

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Any foreign currency denominated monetary assets and liabilities are stated in the Statement of Financial Position using the prevailing rate of exchange at the financial statement date.

***Financial Instruments - Recognition and Measurement***

All financial assets and financial liabilities are measured in the statement of financial position on a fair value basis, as follows:

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

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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

***Employee pension plan***

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable (note 18).

**3. Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosed amounts of contingent assets and liabilities at the reporting date as well as the reported amounts of revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as measurement uncertainty.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

Estimates included in these financial statements are accrued liabilities, valuation allowances and estimated useful life of capital assets (note 2).

**4. Government Partnership**

PavCo has entered into an agreement with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a Government Partnership under the definition of PS 3060. PavCo's obligation in the partnership is limited to the amount of PavCo's contributions.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2017 – 8.0%; 2016 – 8.3%):

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

**4. Government Partnership (cont.)**

<b>Statement of Financial Position</b>	<b>March 31 2017</b>	<b>March 31 2016</b>
Cash and cash equivalents	521	566
Accumulated surplus	521	566

<b>Statement of Operations</b>	<b>March 31 2017</b>	<b>March 31 2016</b>
Revenue	3	6
Expense	47	124

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2017 is:

Fiscal 2018	79
Fiscal 2019	80
Fiscal 2020	70
Fiscal 2021	40
Fiscal 2022 and beyond	150

**5. Cash and Cash Equivalents**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Unrestricted cash	26,656	16,327
Restricted cash	2,760	2,760
Investment in Convention Development Fund	521	566
	29,937	19,653

Restricted cash consists of a refundable deposit to secure a letter of credit that PavCo issued on behalf of the depositor. A liability for the amount of the deposit is recorded in accounts payable and accrued liabilities. The deposit is to be refunded in fiscal 2018.

**6. Accounts Receivable**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Trade	12,509	8,308
Other receivables	185	26,084
	12,694	34,392
Less: provision for doubtful accounts	(183)	(108)
	12,511	34,284

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

**7. Due from Governments**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Due from federal government	102	-
Due from provincial government	7,931	-
	<b>8,033</b>	<b>-</b>

Due from provincial government consists of contributions for tangible capital assets purchased in this fiscal year, and amounts receivable related to event revenue.

**8. Due to Governments**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Due to federal government	-	26
Due to provincial government	9,417	9,430
	<b>9,417</b>	<b>9,456</b>

**9. Accounts Payable and Accrued Liabilities**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Trade accounts payable and accrued liabilities	15,329	13,893
Accrued interest on long term debt	2,356	2,589
Builder's lien and other holdbacks	414	275
	<b>18,099</b>	<b>16,757</b>

**10. Employee Leave Liability**

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

**11. Deferred Revenue**

	<b>March 31 2017</b>	<b>March 31 2016</b>
Unearned lease revenues	28,991	33,846
Unearned event revenue and deposits	9,381	9,435
	<b>38,372</b>	<b>43,281</b>

Unearned lease revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

Event revenues and deposits are receipts in advance of scheduled event dates and are deferred until completion of the event.

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2017 (tabular amounts in \$000s)

#### 12. Deferred Contributions – Government

Government contributions are funding transfers which contain eligibility criteria and legislative or contractual stipulations with respect to their use. PavCo has received funding for asset acquisition and capital construction projects at PavCo's facilities as follows:

	Balance April 1 2016	Contributions during year	Transferred to revenue	Balance March 31 2017
Government of Canada	192,735	-	(4,556)	188,179
Province of British Columbia	742,578	8,641	(30,065)	721,154
	935,313	8,641	(34,621)	909,333

	Balance April 1 2015	Contributions during year	Transferred to revenue	Balance March 31 2016
Government of Canada	197,291	-	(4,556)	192,735
Province of British Columbia	764,182	10,000	(31,604)	742,578
	961,473	10,000	(36,160)	935,313

Contributions from the Government of Canada is federal funding for the construction of the Vancouver Convention Centre's west facility and the connector between the east and west facility. The funding for the Vancouver Convention Centre's west facility includes the construction of the waste water treatment facility.

Contributions from the Province of British Columbia are for tangible capital assets.

Government contributions for capital are amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. Other government contributions are recognized when their legislative or contractual stipulations are met.

Comparative information related to deferred contributions has been restated to exclude operating contributions to conform to current financial statement presentation.

#### 13. Deferred Contributions – Other

	Balance April 1 2016	Receipts during year	Transferred to revenue	Balance March 31 2017
Other contributions	13,000	-	(1,589)	11,411

	Balance April 1 2015	Receipts during year	Transferred to revenue	Balance March 31 2016
Other contributions	14,138	500	(1,638)	13,000

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2017 (tabular amounts in \$000s)

#### 13. Deferred Contributions – Other (cont.)

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or the acquisition of capital assets. Included in other deferred contributions are value-in-kind contributions of tangible capital assets. Contributions are amortized to revenue in the period during which the related assets are used to provide those benefits, at the same rate corresponding to the amortization rate for the related tangible capital assets.

#### 14. Long-term Debt

	March 31 2017	March 31 2016
Province of British Columbia	143,090	145,648

In fiscal 2010, PavCo entered into a long-term loan agreement with the Province of British Columbia to provide financing for the revitalization upgrade at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011.

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

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

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

#### 15. Tangible Capital Assets

	BC Place	Vancouver Convention Centre <sup>(1)</sup>	March 31 2017	March 31 2016
Land	31,292	41,442	72,734	72,734
Buildings and improvements	415,864	598,637	1,014,501	1,044,574
Leasehold improvements	-	24,907	24,907	26,090
Equipment	11,193	2,781	13,974	17,401
Furniture and fixtures	14,018	811	14,829	15,615
Computer hardware/software	153	589	742	262
<b>Net book value</b>	<b>472,520</b>	<b>669,167</b>	<b>1,141,687</b>	<b>1,176,676</b>

(1) Includes corporate office assets

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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**15. Tangible Capital Assets (cont.)**

Included above as at March 31, 2017 is work-in-progress in below tangible capital asset categories.

	<b>BC Place</b>	<b>Vancouver Convention Centre</b>	<b>March 31 2017</b>	<b>March 31 2016</b>
Buildings and improvements	890	1,975	2,865	486
Leasehold improvements	-	702	702	-
Equipment	316	716	1,032	81
Furniture and fixtures	10	675	685	1
Computer hardware/software	-	545	545	-
<b>Work-in-progress</b>	<b>1,216</b>	<b>4,613</b>	<b>5,829</b>	<b>568</b>

**Artwork**

PavCo holds a variety of art pieces at its facilities however it does not recognize the cost or value of artwork in its financial statements. All costs of developing, constructing, acquiring, installing and securing the pieces have been expensed. The corporation has title to most pieces in the program, and is responsible for the preservation and protection of all pieces.

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2017 is \$6.2 million (\$6.2 million at March 31, 2016).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$0.6 million at March 31, 2016).

The corporation uses the historical cost value of the art pieces for insurance purposes, unless appraisal values are available.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

**15. Tangible Capital Assets (cont.)**

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2017
<b>Cost:</b>								
Opening balance	72,734	1,278,157	40,635	66,665	32,595	25	2,620	1,493,431
Additions	-	4,114	702	2,052	718	-	610	8,196
Disposals and adjustments	-	(376)	-	(168)	(12)	-	-	(556)
Closing balance	72,734	1,281,895	41,337	68,549	33,301	25	3,230	1,501,071
<b>Accumulated amortization:</b>								
Opening balance	-	(233,583)	(14,545)	(49,264)	(16,980)	(25)	(2,358)	(316,755)
Amortization expense	-	(33,949)	(1,885)	(5,478)	(1,505)	-	(130)	(42,947)
Effect of disposals and adjustments	-	138	-	168	12	-	-	318
Closing balance	-	(267,394)	(16,430)	(54,574)	(18,473)	(25)	(2,488)	(359,384)
<b>Net book value</b>	<b>72,734</b>	<b>1,014,501</b>	<b>24,907</b>	<b>13,975</b>	<b>14,828</b>	<b>-</b>	<b>742</b>	<b>1,141,687</b>
	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2016
<b>Cost:</b>								
Opening balance	72,734	1,276,021	40,397	67,141	32,442	25	2,347	1,491,107
Additions	-	2,270	238	2,222	153	-	273	5,156
Disposals and adjustments	-	(134)	-	(2,698)	-	-	-	(2,832)
Closing balance	72,734	1,278,157	40,635	66,665	32,595	25	2,620	1,493,431
<b>Accumulated amortization:</b>								
Opening balance	-	(199,867)	(12,666)	(45,273)	(15,416)	(25)	(2,252)	(275,499)
Amortization expense	-	(33,850)	(1,879)	(6,687)	(1,564)	-	(106)	(44,086)
Effect of disposals and adjustments	-	134	-	2,696	-	-	-	2,830
Closing balance	-	(233,583)	(14,545)	(49,264)	(16,980)	(25)	(2,358)	(316,755)
<b>Net book value</b>	<b>72,734</b>	<b>1,044,574</b>	<b>26,090</b>	<b>17,401</b>	<b>15,615</b>	<b>-</b>	<b>262</b>	<b>1,176,676</b>

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

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

**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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#### **16. Contingencies and Contractual Obligations**

**a) *Contingent liabilities***

- i) PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the Financial Statements. As at March 31, 2017 management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the corporation.
- ii) The corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the corporation's financial position.

**b) *Contractual obligations***

- i) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2021. These represent total commitments as follows:

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Fiscal 2018	2,609
Fiscal 2019	1,906
Fiscal 2020	442
Fiscal 2021 and beyond	70

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- ii) Capital projects

At March 31, 2017, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

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Fiscal 2018	525
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- iii) Redevelopment

On November 29th, 2011 the City of Vancouver Council enacted zoning, as approved at Public Hearing on April 19, 2011, for certain lands on the west side of BC Place. The City of Vancouver acquired lands between Expo Boulevard and Pacific Boulevard for the construction of an extension to Smithe Street (Smithe Street Extension), and transferred its surplus lands between the Smithe Street Extension and BC Place to PavCo (including Terry Fox Way). Under the rezoning obligations, PavCo is required to provide 300 parking stalls for public hourly use in the first development on the lands.

PavCo also entered into an Updated Master Development Agreement with a third party to develop this land on the west side of BC Place. As part of this Agreement PavCo is obligated to bear the costs of remediation of soils beneath the Smithe Street Extension and the development lands, the costs of installation of City services under the Smithe Street Extension, and the construction of the Smithe Street Extension to its west curb line. The costs related to the remediation of soils have been recognized in the Financial Statements.

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

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

**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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#### **16. Contingencies and Contractual Obligations (cont.)**

PavCo also entered into an Agreement with a First Nation concerning the development of this land on the west side of BC Place. This Agreement has no impact on the March 31, 2017 Financial Statements but will entail sharing of lease revenues for three years upon commencement of receiving lease revenues.

#### **17. Expenses by Object**

The following summarizes expenses by object:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Event direct costs	32,064	36,066	36,948
Salaries, wages and benefits	18,584	17,769	16,620
Operating expenses	14,081	14,278	14,716
General and administration	4,114	3,769	3,954
Business development	1,221	924	929
Professional consulting fees	2,055	1,981	1,830
Interest on long term debt	4,756	4,757	6,195
Redevelopment	1,750	451	559
Amortization	44,291	42,947	44,088
	<b>122,916</b>	<b>122,942</b>	<b>125,839</b>

#### **18. Employee Pension Plan**

PavCo and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The Public Service Pension Plan has approximately 119,000 active and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of \$194 million for basic pension benefits. The next valuation will be as at March 31, 2017.

Employers participating in the plan record their pension expenses as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

Contributions to the Plan by PavCo for fiscal 2017 were \$1.4 million (2016 - \$1.3 million).

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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**19. Related Party Transactions**

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

**20. Valuation Allowance**

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

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	BC Place	Vancouver Convention Centre	2017	2016
Accounts receivable	(100)	(83)	(183)	(108)

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**21. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2016/17 Annual Service Plan report which was approved by PavCo's Board of Directors on January 21, 2016.

**22. Comparative Numbers**

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

Prior year operating and deferred contributions have been restated (note 12 and 24).

**23. Financial Instruments**

Financial instruments include cash and cash equivalents, accounts receivable, due from government, accounts payable and accrued liabilities, employee leave liability, and long term debt.

PavCo is exposed to various risks related to its financial instruments. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safely guard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

*Market Risk* - Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

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**23. Financial Instruments (cont.)**

PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

*Liquidity Risk* - Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.

PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

*Credit Risk* - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery.

The corporation continually monitors and manages the collection of receivables from other customers.

**24. Segmented Information**

PavCo reports segmented information by its operating divisions: BC Place Stadium and the Vancouver Convention Centre. BC Place Stadium and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events.

Provincial operating contribution was previously allocated equally between PavCo's facilities. Commencing in the current fiscal year, PavCo has updated its policy to have the contribution be allocated based on the proportion of facilities' operating deficit before operating contribution for the period to reflect the use of contribution between operating segments.

Comparative numbers related to operating and deferred contributions have been restated to conform to financial statement presentation.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017 (tabular amounts in \$000s)**

**24. Segmented Information (cont.)**

Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	<i>BC Place</i> <sup>(1)</sup>		<i>Vancouver Convention Centre</i> <sup>(1)(2)</sup>		<i>Total</i>	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Event revenues	12,684	18,362	53,614	48,998	66,298	67,360
Lease revenues	36	36	3,685	3,493	3,721	3,529
Miscellaneous revenues <sup>(3)</sup>	3,281	3,426	170	404	3,451	3,830
Operating contributions - government <sup>(4)</sup>	9,099	9,022	-	-	9,099	9,022
Deferred contributions - government	17,084	18,683	17,537	17,477	34,621	36,160
Deferred contributions - other	635	684	954	954	1,589	1,638
Interest revenue	80	92	85	43	165	135
	<b>42,899</b>	<b>50,305</b>	<b>76,045</b>	<b>71,369</b>	<b>118,944</b>	<b>121,674</b>
<b>Expenses</b>						
Event direct costs	5,987	9,952	30,079	26,996	36,066	36,948
Salaries, wages and benefits	7,153	7,482	10,616	9,138	17,769	16,620
Operating expenses	4,713	4,673	9,565	10,043	14,278	14,716
General and administration	1,476	1,825	2,293	2,129	3,769	3,954
Business development	364	319	560	610	924	929
Professional consulting fees	1,166	1,124	815	706	1,981	1,830
Interest on long term debt	4,757	6,195	-	-	4,757	6,195
Redevelopment <sup>(5)</sup>	451	559	-	-	451	559
Amortization	24,189	25,337	18,758	18,751	42,947	44,088
	<b>50,256</b>	<b>57,466</b>	<b>72,686</b>	<b>68,373</b>	<b>122,942</b>	<b>125,839</b>
<b>Surplus (deficit) for the period</b>	<b>(7,357)</b>	<b>(7,161)</b>	<b>3,359</b>	<b>2,996</b>	<b>(3,998)</b>	<b>(4,165)</b>

(1) Corporate office revenues and expenditures have been allocated equally between PavCo's facilities.

(2) PavCo's proportionate share of the Convention Development Fund is consolidated to Vancouver Convention Centre operations.

(3) Miscellaneous revenues include non-event related revenues and monies received outside of the course of normal operations.

(4) Provincial operating contribution was previously allocated equally between PavCo's facilities. Commencing in the current fiscal year, the contribution will be allocated based on the proportion of facilities' operating deficits before operating contribution.

(5) Redevelopment costs are outside of normal operating expenses and are associated with the redevelopment of lands to the west of BC Place.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017** (tabular amounts in \$000s)

**24. Segmented Information (cont.)**

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Computer hardware and software	2017	2016
<b>Cost:</b>							
Opening balance	31,292	552,836	51,442	23,234	807	659,611	659,081
Additions	-	1,935	1,035	17	65	3,052	3,362
Disposals	-	(376)	(168)	(12)	-	(556)	(2,832)
Closing balance	31,292	554,395	52,309	23,239	872	662,107	659,611
<b>Accumulated amortization:</b>							
Opening balance	-	(120,848)	(36,471)	(7,766)	(630)	(165,715)	(143,209)
Amortization expense	-	(17,821)	(4,813)	(1,467)	(89)	(24,190)	(25,337)
Effect of disposals and adjustments	-	138	168	12	-	318	2,831
Closing balance	-	(138,531)	(41,116)	(9,221)	(719)	(189,587)	(165,715)
<b>Net book value – March 31, 2017</b>	<b>31,292</b>	<b>415,864</b>	<b>11,193</b>	<b>14,018</b>	<b>153</b>	<b>472,520</b>	
<b>Net book value – March 31, 2016</b>	<b>31,292</b>	<b>431,988</b>	<b>14,971</b>	<b>15,468</b>	<b>177</b>		<b>493,896</b>

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2017** (tabular amounts in \$000s)

**24. Segmented Information (cont.)**

<b>Vancouver Convention Centre</b>	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	<b>2017</b>	<b>2016</b>
<b>Cost:</b>									
Opening balance	41,442	725,321	40,635	15,223	9,362	25	1,812	833,820	832,026
Additions	-	2,179	702	1,017	701	-	545	5,144	1,794
Closing balance	41,442	727,500	41,337	16,240	10,063	25	2,357	838,964	833,820
<b>Accumulated amortization:</b>									
Opening balance	-	(112,735)	(14,545)	(12,793)	(9,215)	(25)	(1,727)	(151,040)	(132,291)
Amortization expense	-	(16,128)	(1,885)	(666)	(37)	-	(41)	(18,757)	(18,749)
Closing balance	-	(128,863)	(16,430)	(13,459)	(9,252)	(25)	(1,768)	(169,797)	(151,040)
<b>Net book value – March 31, 2017</b>	<b>41,442</b>	<b>598,637</b>	<b>24,907</b>	<b>2,781</b>	<b>811</b>	<b>-</b>	<b>589</b>	<b>669,167</b>	
<b>Net book value – March 31, 2016</b>	<b>41,442</b>	<b>612,586</b>	<b>26,090</b>	<b>2,430</b>	<b>147</b>	<b>-</b>	<b>85</b>		<b>682,780</b>

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the tangible capital assets of the Corporation.

## Appendix A – Additional Information

### Corporate Governance

PavCo's Board of Directors provides leadership and direction to the organization in a manner consistent with directives set out by the Provincial Government. The Board consists of eight members, all appointed by the Shareholder.

PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's Best Practice Guidelines. These can be found at [www.bcpavco.com/resources/board/](http://www.bcpavco.com/resources/board/). The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Openness, trust and transparency
- Service and corporate citizenship
- Accountability and performance
- Value, innovation and continuous improvement

### Organizational Overview

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

#### Economic and Community Benefits

PavCo welcomes guests from across British Columbia and around the world for events hosted at its two iconic facilities, BC Place and the Vancouver Convention Centre. PavCo contributes significantly to the growth of the tourism and hospitality industries as well as trade development. PavCo's clients and guests utilize hotel rooms, local hospitality services and goods and services supplied by BC businesses. Many out-of-town patrons travel throughout British Columbia before and after attending events at PavCo facilities.

The Vancouver Convention Centre is the provincial flagship for conventions, trade and consumer shows, meetings and special events, creating opportunities for local businesses to benefit from increased visitation to British Columbia. The local community benefits significantly from public events such as the Canada Day celebrations, and through partnerships formed between the Convention Centre and local charities and organizations that have a focus on environmental sustainability.

BC Place is the largest indoor gathering place in British Columbia, providing support to industry as a venue for entertainment, championship sporting events, consumer shows and special events. In addition to being the home for two of B.C.'s professional sports teams, BC Place welcomes a wide range of amateur sports and community events throughout the year, and uses its iconic Northern Lights Display to help create awareness to countless charitable events and recognized causes that are important to communities throughout British Columbia.

### Stakeholders

BC Place is proud to be the home of the BC Lions Football Club competing in the Canadian Football League (CFL), Vancouver Whitecaps FC of Major League Soccer (MLS), and the Canada Sevens, part of the World Rugby Sevens Series. BC Place is also the home of the BC Sports Hall of Fame.

PavCo stakeholders also include Tourism Vancouver as a contributing partner to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; neighbours; and the general public.

### Vision

To be a global leader in outstanding venues and events.

### Mission

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

## **Contact Information**

### PAVCO CORPORATE OFFICE

#200 - 999 Canada Place  
Vancouver, BC V6C 3C1  
Tel: (604) 482-2200  
Fax: (604) 681-9017  
Email: [info@bcpavco.com](mailto:info@bcpavco.com)

### BC PLACE

777 Pacific Boulevard  
Vancouver, BC V6B 4Y8  
Tel: (604) 669-2300  
Fax: (604) 661-3412

### VANCOUVER CONVENTION CENTRE

1055 Canada Place  
Vancouver, BC V6C 0C3  
Tel: (604) 689-8232  
Fax: (604) 647-7232

## Appendix B – Crown Corporations Mandate and Actions Summary

In the 2016/17 Mandate Letter from the Minister responsible, B.C. Pavilion Corporation received direction on strategic priorities for the 2016/17 fiscal year. These priorities and the Crown Corporation's resulting actions are summarized below:

Mandate Letter Direction	Crown Corporation's Action
<p>By June 30, 2016, develop a five year plan to improve the financial performance of BC Place Stadium.</p>	<p>PavCo has developed a five year plan. BC Place continues to improve its financial performance through a focus on revenue development and cost efficiencies. Results are expected to improve through the following actions:</p> <ul style="list-style-type: none"> <li>• Incremental event revenues</li> <li>• Increased focus on sponsorship opportunities</li> <li>• Cost efficiencies</li> <li>• Improved revenues from land development activities</li> </ul> <p>In 2016/17, BC Place achieved an improvement of \$3.054 million (16 percent) compared to the operating budget.</p>
<p>Update the plan outlining PavCo's domestic and international sales and marketing program for the Vancouver Convention Centre, that supports PavCo's achievement of its performance goals, including increasing non-resident delegate days. Outline this plan, with performance measures and targets, in PavCo's 2016/17 Service Plan.</p>	<p>The Vancouver Convention Centre developed and successfully implemented a sales and marketing plan for 2016/17.</p> <p>In 2016/17, the economic impact generated by the Convention Centre from all spending from delegates outside Metro Vancouver was \$368 million, exceeding its target of \$345 million. The Convention Centre also exceeded its target for non-resident delegate days (NRDDs) in 2016/17, reaching 535,800 in NRDDs.</p> <p>The Convention Centre was recognized with two significant marketing awards for a campaign created for the Professional Convention Management Association's 2016 Convening Leaders Conference held at the facility. These awards include Destination Canada's Explore Canada Awards of Excellence for "Most Innovative PR Campaign" and the BC chapter of the American Marketing Association's Marketing Excellence Award.</p> <p>Over the past year, the Convention Centre hosted 578 events, including 64 conventions and 65 trade and consumer shows, as well as meetings, banquets and special events.</p>

<p>Update the plan to increase attendance to and economic benefits from BC Place Stadium events which support PavCo's achievement of its performance goals. Outline this plan - with performance measures and targets.</p>	<p>Attendance and economic impact generated by events hosted at BC Place was \$128 million, \$18 million higher than target.</p> <p>Continued focus on marketing and sales activity resulted in BC Place attracting several international sporting events to the Stadium, including the first-ever international 15-a-side rugby match, the Olympic Celebration Match between Canada's Women's National Team and Mexico, and Canada's Men's National Team versus El Salvador in a FIFA World Cup qualifying match.</p> <p>These international events created opportunities for greater attendance and related economic impact, and further solidified BC Place's reputation in the global events community as Canada's premier stadium for international sporting championships.</p>
<p>Ensure all financial management and fiscal targets, cash flow forecasts and reporting requirements, as identified in the Ministry budget letter to PavCo, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.</p>	<p>PavCo continues to work with the Ministry to ensure accountability for outcomes and measures, as well as to keep the Ministry informed on issues in a timely manner.</p> <p>PavCo also worked with the Ministry in identifying pressures in meeting targets and related mitigation strategies.</p>
<p>Maximize private sector revenue for the public facilities owned/managed by PavCo and continue to maximize economic benefit to the province of B.C. and minimize reliance on government funding.</p>	<p>PavCo continues to identify opportunities to maximize private sector revenues such as sponsorship revenues and development of lands adjacent to the Stadium.</p> <p>PavCo generated \$496 million in economic benefit to the province of B.C., and for the third consecutive year, the Vancouver Convention Centre attained profitability.</p> <p>Since the opening of the West building in 2009, the Convention Centre has generated \$2.27 billion of cumulative economic impact. Since revitalization in 2011, BC Place has generated \$790 million of cumulative economic impact.</p>