



June 27, 2013

Tom Vincent
President and CEO
Public Sector Employers' Council Secretariat
PO Box 9400 STN PROV GOVT
Victoria, BC
V8W 9V1

Dear Sir:

Re: Public Sector Executive Compensation – March 31, 2013

I am pleased to present the Public Sector Executive Compensation schedule for BC Pavilion Corporation (PavCo) for the year ended March 31, 2013.

I confirm that the Board of PavCo is aware of the compensation paid to the Executive for the year ended. I also confirm that the compensation provided to the Executive was within the approved compensation plan for PavCo.

Sincerely,

BC PAVILION CORPORATION

A handwritten signature in black ink, appearing to read "Terry Lyons", with a stylized flourish at the end.

Terrence (Terry) A. Lyons
Director, B.C. Pavilion Corporation

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Discussion and Analysis

PavCo operates BC Place Stadium and Vancouver Convention Centre (“Convention Centre”). The Convention Centre is the Province’s flagship convention centre and BC Place is the largest indoor gathering place in British Columbia. Both facilities were major venues for the 2010 Olympic and Paralympic Winter Games.

Through their activities, the facilities provide significant employment and economic benefits each year to British Columbia and to Metro Vancouver.

PavCo markets and promotes its facilities to ensure maximum occupancy of the facilities and to generate the highest benefit to British Columbia. To achieve the maximum effectiveness of these campaigns, to continue to provide exemplary service to clients and generate the best return to British Columbia, PavCo must employ fully experienced and qualified staff.

During fiscal 2012/2013 PavCo had a compensation program that was established in the 1990s. The program includes base salaries, a performance-based bonus plan in which all eligible employees participate, and employee benefits. Individual responsibilities and workloads have dramatically changed over the years, including shifting responsibilities from the corporate level to the facilities.

Executive Compensation Plan

In July 2012, Government announced that Executive in Crown Corporations would transition from their existing Compensation Plans to comply with new policy that standardizes rules for employees’ total compensation. Total compensation includes salary, incentive payments, benefits and perquisites. PavCo submitted an Executive Compensation Transition Plan to the Public Sector Employer’s Council (PSEC) which was approved in January 2013. Where not previously compliant with the new government policy, PavCo will transition to the new policy within 18 months from January 1, 2013.

Compensation for the CEO is set by the Board of Directors at market value and approved by the shareholder. Compensation for the NEOs is determined by the CEO within guidelines including salary ranges and approved by PSEC, and as set out in the Executive Compensation Plan.

Objective of the Compensation Program

The objectives of the Compensation Program are to ensure that PavCo can retain qualified and experienced employees who are paid fairly in comparison to market, and also in comparison to internal positions which have the same level of responsibility and workload.

During 2008 PavCo engaged the services of a consulting firm to determine where PavCo was situated in the marketplace. Subsequently the Board of Directors approved the establishment by PavCo of new salary ranges based on a compensation philosophy of setting total compensation levels at the 75th percentile relative to market. This was approved by PSEC. PavCo’s salary ranges have not changed since that time for employees hired prior to August 1, 2012.

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Form of Compensation

In fiscal 2012/2013 total Compensation at PavCo consisted of base pay, benefits and a performance-based bonus plan.

1. Base Pay – PavCo has 11 salary bands currently approved by PSEC. Positions are evaluated using a Job Evaluation System usually referred to as the “Aiken Plan”. Positions are benchmarked and rated on 10 different factors that take into account knowledge & skill, effort, responsibility and working conditions. These include areas such as complexity/judgment, education, experience, initiative, physical/mental demands, result of errors, contacts and character/scope of supervision. An outside consultant along with the employee and their supervisor have input into this system. The resulting Job Fact Sheet is then passed to an Evaluation Committee for final rating and implementation.
2. Benefits – PavCo offers a standard benefit package including MSP, Extended Health, Dental, Life Insurance, Short Term and Long Term Disability, Vacation and Pension Plan. Benefits, where applicable, are extended to employee dependents.
3. Performance Based Bonus Plan – The distribution of bonus payments is at the discretion of the Board of Directors and is not guaranteed each year. The approval and distribution of the bonus plan depends on two criteria: 1) company targets being met, and 2) the performance rating of the individual employee. The formulae used for calculating the bonuses distributed under this plan were approved by PSEC. The maximum amount that can be distributed to any one employee is 27% of base pay depending on the performance rating of that individual. The performance criteria is set out and agreed to by the employee and PavCo each year.

Effective April 1, 2013, Executive bonuses will be phased out and replaced with a total potential earnable salary subject to a holdback that does not exceed the lower of 20% of base salary or an amount equivalent to the four-year average bonuses paid to the individual Executive.

The maximum bonus payable to the General Manager, Vancouver Convention Centre is higher than the 27% set in the above Bonus Plan, and has been approved by PSEC as part of the Executive Compensation Transition Plan. A corresponding holdback will be applied against the General Manager's maximum earnable salary.

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Summary Compensation Table for the Fiscal Year Ended March 31, 2013

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011 / 12	2010 / 11
Warren Buckley, President/CEO ¹	\$ 183,333	\$ -	\$ 4,709	\$ 20,039	\$ 7,106	\$ 215,187	\$ 559,276	\$ 563,707
Ken Cretney, General Manager, Vancouver Convention Centre	\$ 225,330	\$ 95,000	\$ 10,668	\$ 23,862	\$ 15,581	\$ 370,441	\$ 354,609	\$ 352,138
John Harding, CFO/Corp Secretary	\$ 218,550	\$ 42,970	\$ 13,451	\$ 23,121	\$ 7,200	\$ 305,292	\$ 303,804	\$ 296,489
Howard Crosley, General Manager, BC Place	\$ 210,785	\$ 34,997	\$ 13,331	\$ 22,272	\$ 11,335	\$ 292,720	\$ 266,307	\$ 254,372
Claire Smith, VP, Sales/Marketing, Vancouver Convention Centre	\$ 146,460	\$ 34,000	\$ 11,912	\$ 15,241	\$ 11,110	\$ 218,723	\$ 202,763	\$ 197,907
Dana Hayden, Interim President and CEO ²	\$ -	\$ -	\$ -	\$ -	\$ 203,905	\$ 203,905	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Summary Other Compensation Table at March 31, 2013

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j) ³	Other (k)
Warren Buckley, President/CEO ¹	\$ 7,106	\$ -	\$ -	\$ -	\$ 5,581	\$ 1,525	\$ -
Ken Cretney, General Manager, Vancouver Convention Centre	\$ 15,581	\$ -	\$ -	\$ -	\$ 12,600	\$ 2,981	\$ -
John Harding, CFO/Corp Secretary	\$ 7,200	\$ -	\$ -	\$ -	\$ 7,200	\$ -	\$ -
Howard Crosley, General Manager, BC Place	\$ 11,335	\$ -	\$ -	\$ -	\$ 11,335	\$ -	\$ -
Claire Smith, VP, Sales/Marketing, Vancouver Convention Centre	\$ 11,110	\$ -	\$ -	\$ -	\$ 8,400	\$ 2,710	\$ -
Dana Hayden, Interim President and CEO ²	\$ 203,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,905
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ATTENTION - Crown Agency Policy changes are being implemented. They may not be reflected in the 2012/13 executive compensation disclosure.

Notes:

¹Warren Buckley left PavCo on September 15, 2012

²Dana Hayden joined PavCo on August 1, 2012, seconded from Ministry of Jobs, Tourism and Skills Training. Compensation reported represents PavCo's portion of her Total Compensation.

³Perquisites consist of parking paid by PavCo