

**BC Infrastructure Benefits Inc.**

**2020/21**  
**Annual Service Plan Report**



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Published by BC Infrastructure Benefits

## Board Chair's Accountability Statement



The *BC Infrastructure Benefits 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. The Board is accountable for those results as reported.

A handwritten signature in dark ink that reads "David Miller".

David Miller  
Board Chair

BC Infrastructure Benefits Inc.  
July 26, 2021

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## Letter from the Board Chair and President & CEO

We are pleased to present the BC Infrastructure Benefits (BCIB) 2020/21 Annual Service Plan Report.

As a Crown corporation established in 2018, this is BCIB's first Annual Service Plan Report. This report shows our progress against the objectives in the Community Benefits Agreement and the Mandate Letter from the Minister of Finance.

The Community Benefits Agreement (CBA) was created by the province so major projects benefit British Columbia workers, families and communities and maximize the social and economic benefits of infrastructure investment.

To that end, the CBA is a transformational tool for growing and diversifying BC's skilled trades workforce. The CBA establishes BCIB as a progressive construction employer accountable for creating priority opportunities for workers from underrepresented groups.

In the last year BCIB worked with contractors, unions and communities to recruit and retain Indigenous people, women, locals, and others underrepresented in the trades. Our Respectful Onsite Initiative helped contractors create safe and respectful culture on CBA jobsites so workers can continue to grow their careers in construction for the long-term growth of the workforce.

In the past year BCIB has made the following achievements:

- 58% of CBA project hours were worked by employees living within 100km of the jobsite.
- 17% of our BCIB employees were Indigenous, compared to an industry average of 6%.
- 13% of our BCIB employees were women, double the industry average.
- BCIB engaged with more than 100 union and non-union contractors to familiarize and support their participation on CBA projects.

We are grateful to our contractor, union and community partners for helping us deliver these goals. We look forward to continuing to build infrastructure while growing and diversifying our province's skilled trades workforce for the future.

David Miller



Board Chair, BC Infrastructure Benefits  
July 26, 2021

Irene Kerr



President and CEO, BC Infrastructure Benefits  
July 26, 2021

## Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

## Purpose of the Organization

BCIB is a provincial Crown corporation incorporated under the *Business Corporations Act* and directly accountable to the Minister of Finance. BCIB was established to implement, measure and report on the objectives of the Community Benefits Agreement (CBA). The CBA is a collective agreement between BCIB and the Allied Infrastructure and Related Construction Council (AIRCC) to grow the skilled trades workforce.

The CBA has provisions to prioritize underrepresented workers such as Indigenous peoples and women. BCIB works with contractors and its union partners to create pathways and career opportunities for underrepresented workers and positions for apprentices/trainees on select public infrastructure projects. Local communities benefit from the CBA as local, qualified workers are prioritized for hiring on these selected public infrastructure projects.

## Strategic Direction

The strategic direction set by Government in 2017, and expanded on in the [Board Chair's 2020 Mandate Letter](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the [2020/21 BCIB Service Plan](#) and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures, and operations across the public sector. Any changes to BCIB's goals, objectives, performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

## Operating Environment

Eight provincial infrastructure projects have been announced and are currently being developed or delivered under the Community Benefits Agreement. These include projects in the Highway 1 Kamloops to Alberta Border Four Lining Program, the Pattullo Bridge Replacement Project, the Broadway Subway Project, and the Cowichan District Hospital Replacement Project. BCIB is the employer for the skilled trades workforce on infrastructure projects delivered under the CBA.

BCIB operates on a cost recovery basis. BCIB's business model is to recover payroll and related costs for the skilled workforce deployed to projects from contractors while BCIB overhead costs are recouped from project owners.

BCIB employed nearly 300 skilled trades workers on CBA projects in 2020/21. BCIB has developed processes and partnerships across government, industry, and communities to meet the requirements and objectives of the CBA and is prepared to employ more than 1,000 employees in the coming years as projects ramp up.

Throughout 2020/21, BCIB's workforce was diverse and included workers traditionally underrepresented in the construction trades. BCIB employed more than double the industry average for women and Indigenous peoples. 58% of BCIB employees deployed to a project worksite were local, meaning they lived within 100 km of the project.

The CBA policy is unique in Canada and expresses the commitment between government, unions, and contractors to grow and diversify the skilled workforce as well as positively impact culture on the jobsite. To foster a workplace that is inclusive and respectful of the cultural differences of the workforce, BCIB developed the Respectful Onsite Initiative. The initiative is a suite of training programs including Indigenous Cultural Competency Training and Be More Than A Bystander Training and anti-racism and anti-discrimination policies to create a safe and respectful worksite. With the support and participation of contractors, all employees under the CBA participated in this training.

BCIB's operations align with the objectives and requirements of the CBA and the direction provided in BCIB's Mandate Letter. CBA objectives include:

- Ensuring any contractor can bid on and perform work;
- Maximizing access to all available skilled and experienced labour for contractors;
- Optimizing opportunities to develop and grow the skilled labour workforce;
- Ensuring local individuals, communities and businesses have full and fair opportunity to participate in the benefits of the project;
- Fostering a workplace free of discrimination and harassment that is respectful of the cultural differences of all participants;
- Ensuring the needs of Indigenous peoples and other equity groups are respected and facilitated through training and employment on the project; and
- Providing apprenticeships and skills training to develop a skilled workforce to meet the province's future labour needs.

## Report on Performance: Goals, Objectives, Measures and Targets

### Goal 1: Partner in the successful delivery of public infrastructure projects and implement the CBA.

BCIB is mandated to enable the successful delivery of CBA projects from announcement, through initial collaboration, to successful implementation. To do this, BCIB works with the construction industry and government project owners ahead of project commencement to help introduce, engage, and enable proponents to apply the CBA.

### Objective 1.1: Engage and collaborate with proponents to support the application of the CBA on public infrastructure projects during procurement.

#### Key Highlights

- Worked with government project owners to incorporate the CBA into project planning, development, and procurement.
- Participated in Bidders Information Sessions during procurements to engage directly with project proponents to help provide information about the application of the CBA.
- Demonstrated to industry and government project owners how the CBA is implemented on project bids and on the worksite, through active procurement processes and targeted workshops with contractors.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[1.1] Completion of industry collaboratives on CBA projects	23	8	12	Based on project schedule <sup>1</sup>	Based on project schedule

Data source: BCIB

<sup>1</sup> This performance measure was updated in BCIB's 2021/22 – 2023/24 Service Plan as objective 2.1 to capture collaborative meetings on CBA projects as well as the number of contractors engaged with through industry engagement.

#### Discussion of Results

The number of industry collaborative meetings on CBA projects is determined primarily by the number of projects in the procurement phase. Meetings are at the request of either or both the government project owner and project bidders. During 2020/21, new CBA projects were announced and BCIB worked with government project owners to coordinate opportunities to familiarize project bidders and the contractor community with the CBA. New CBA projects and new opportunities to work with bidding teams resulted in more actual events than anticipated in 2020/21. BCIB received positive feedback from contractors who found these workshops helpful and supported them through the procurement process.



## Objective 1.2: Engage in dialogue with the construction industry to support the application of the CBA.

### Key Highlights

- Conducted one-on-one and group meetings with construction industry associations and individual companies to answer questions and provide clarity around the application of the CBA.
- Developed contractor onboarding sessions to introduce companies starting work on CBA projects to BCIB contacts and processes.
- Conducted workshops and subcontractor sessions with Indigenous Nations and contractors to create a collaborative relationship with First Nations communities and businesses.
- Developed a Subcontractor's Guide that helps contractors bid and operate in the CBA environment.
- Developed web resources that provide information about frequently asked questions to support small and local contractor businesses in bidding on CBA projects.
- Coordinated Subcontractor Information Sessions with local businesses to support small companies and subcontractors bidding on CBA projects.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[1.2] Completion of industry outreach engagements	42	18	133	N/A <sup>1</sup>	N/A

Data source: BCIB

<sup>1</sup> This performance measure was updated in BCIB's 2021/22 – 2023/24 Service Plan as objective 2.1 and measures collaborative meetings on CBA projects as well as the number of contractors engaged with through industry engagement.

### Discussion of Results

One of the objectives of the CBA is to allow any contractor in the construction industry to bid on and perform CBA project work<sup>1</sup>. To meet this objective, BCIB engages with the construction industry to familiarize companies with the CBA and to broaden the number of companies interested in bidding on CBA projects. Throughout 2020/21, BCIB met with union and open shop contractors, subcontractors, and suppliers across the province to engage in discussions about the roles and procedures on CBA projects. Higher than anticipated interest from contractors meant a significantly higher number of meetings than originally expected.

These BCIB industry outreach efforts contributed to bidders better navigating CBA project procurement processes and submitting bids within budget.

<sup>1</sup> CBA Article 1.100 (a)

In setting the 2020/21 target, BCIB assumed ongoing application of the CBA on select public infrastructure projects would result in increased industry familiarity with the CBA therefore requiring less outreach. With increased awareness of CBA projects, stakeholder interest grew, resulting in targeted industry outreach to key partners on CBA projects and small to medium local subcontractors. In addition, the CBA's first "vertical" project, the Cowichan District Hospital Replacement Project announced during 2020/21, resulted in targeted outreach to electrical and mechanical contractors and companies based on Vancouver Island.

### **Objective 1.3: Work jointly with proponents and project teams during procurement to facilitate the execution of the BCIB-Contractor Agreement.**

#### **Key Highlights**

- Led and facilitated proponent and/or bidder information sessions with potential contractors to create familiarity with how the CBA is operationalized and to better inform bids on CBA projects.
- Prepared contractor support resources, including a Contractor How To Guide to familiarize contractors with BCIB processes, such as hiring and payroll.

<b>Performance Measure(s)</b>	<b>2019/20 Actuals</b>	<b>2020/21 Target</b>	<b>2020/21 Actuals</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
[1.3] Execute BCIB Contractor Agreement on CBA projects	4	4	4	N/A <sup>1</sup>	N/A

Data source: BCIB

<sup>1</sup> This performance measure has been replaced in BCIB's 2021/22 – 2023/24 Service Plan with objective 2.4 and includes both BCIB-Contractor Agreements and BCIB-Subcontractor Agreements.

### **Discussion of Results**

A BCIB-Contractor Agreement (BCA) is a contract to supply skilled workforce to contractors for a project in a way that ensures the objectives of the CBA are met. It also outlines the responsibilities of BCIB and the contractor or subcontractor.

The number of BCAs is dependent on the number of CBA projects mandated to BCIB.

During 2020/21, BCIB executed a BCA with the prime contractors for: Broadway Subway Project, Kicking Horse Canyon-Phase 4, and two of the projects under the Highway 1 Kamloops to Alberta Border Four Laning Program (Chase West and Salmon Arm).

### **Goal 2: Mobilize and grow a safe, diverse and skilled workforce.**

The CBA provides opportunities for locals, Indigenous people, women, and other groups traditionally underrepresented in the construction trades through priority hiring mechanisms to address a skilled trades shortage and ongoing lack of diverse representation in the trades<sup>2</sup>. BCIB is committed to employing traditionally underrepresented workers to diversify and grow the

<sup>2</sup> CBA Article 1.100 (c) and (k)

number of people entering and completing their certification in the skilled trades, through targeted equity recruitment and community services partnerships. Priority hiring assures equitable access for traditionally underrepresented groups in the skilled trades.

## **Objective 2.1: Provide foundational safety training for all employees on public infrastructure CBA projects.**

### **Key Highlights**

- Developed a partnership with the BC Construction Safety Alliance for use of the SiteReadyBC foundational safety training program.

<b>Performance Measure(s)</b>	<b>2019/20 Actuals</b>	<b>2020/21 Target</b>	<b>2020/21 Actuals</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
[2.1] Percentage of people who completed BCIB foundational safety training	100%	100%	100%	100% <sup>1</sup>	100%

Data source: BCIB

<sup>1</sup> This objective was updated in BCIB's 2021/22 – 2023/24 Service Plan as objective 1.3 and measures completion of the Respectful Onsite Initiative. BCIB's foundational safety training is one part of the Respectful Onsite Initiative.

### **Discussion of Results**

Safety is paramount for BCIB, contractors and the affiliated unions. All BCIB employees are required to complete foundational safety training before starting work on a CBA project. BCIB provides access to online safety training for its employees. Contractors have the authority for safety on the jobsite and foster a safety-first culture. To support positive safety experiences all BCIB employees completed SiteReadyBC, or the equivalent training, before starting work on a CBA project worksite.

## **Objective 2.2: Partner in recruitment with Indigenous communities, women, and other Equity Groups.**

### **Key Highlights**

- Targeted recruitment with communities local to CBA projects, Indigenous peoples, women and other groups underrepresented in the construction trades.
- Developed and leveraged partnerships with organizations such as the Industry Training Authority, WorkBC, Indigenous Service and Employment Training (ISETs), BC Centre for Women in the Trades and other employment support agencies to target local underrepresented workers.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[2.2] Percentage of total project hours worked by Indigenous peoples and Equity Groups	8%	16%	15%	16%	16%

Data source: BCIB

## Discussion of Results

An objective of the CBA is to optimize opportunities to develop and grow the skilled trades workforce<sup>3</sup> and to maximize access to all available skilled and experienced workers<sup>4</sup>. The CBA includes priority hiring<sup>5</sup> to create the greatest opportunities for locals, Indigenous peoples, women, and other Equity Groups. BCIB specifically targets these underrepresented workers for recruitment.

Priority hiring does not set ratios, quotas, or targets for hiring underrepresented workers. Priority hiring is a continuous process through the construction lifecycle that matches underrepresented workers with employee requests submitted by contractors. This helps create career development opportunities for qualified workers traditionally underrepresented in the skilled trades.

Although the target of 16% of total project hours worked by Indigenous peoples and equity groups was narrowly missed in 2020/21, BCIB was able to exceed the industry averages for these groups through priority hiring. Historically, women<sup>6</sup> and Indigenous peoples<sup>7</sup> each represent approximately 6% of British Columbia's on-site construction workforce. There are no known third-party statistics for other equity groups.

## BCIB Demographics: Individuals Eligible for Priority Hiring

Priority Category	% of 2020/21 CBA project employees	Total % of BCIB Candidate Database (as at March 31, 2021)
Female	13%	14%
Indigenous	17%	13%
Other (includes visible minorities, persons with disabilities and LBGTQ2+)	17%	15%

*Note: Candidates may belong to multiple priority categories.*

<sup>3</sup> CBA Article 1.100(c)

<sup>4</sup> CBA Article 1.100(b)

<sup>5</sup> CBA Articles 1.100(k) and Article 9.100

<sup>6</sup> Enhancing the Retention and Advancement of Women in the Trades in British Columbia: Final Report, WorkBC, 2017.

<sup>7</sup> BuildForce Canada: BC Construction Outlook Reports, 2014-23 to 2020-29; Representation of Indigenous Canadians and Women in Canada's Construction and Maintenance Workforce, July 2018.

## Objective 2.3: Increase apprenticeship and trainee opportunities through a network of projects and facilitate pathways to support employee success.

### Key Highlights

- Partnered with Industry Training Authority to facilitate pathways for trainees and apprentices on CBA projects.
- Held monthly discussions among BCIB, project contractors, government project owners and AIRCC to review contractor-submitted labour forecasts for upcoming trainee and apprentice opportunities.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[2.3] Percentage of total project hours worked by apprentices and trainees	14%	25%	8%	25% <sup>1</sup>	25%

Data source: BCIB

<sup>1</sup> Based on the portfolio of CBA projects expected to be under construction in 2021/22, BCIB has adjusted its target for 2021/22 from 25% to 15% in the 2021/22-2023/24 Service Plan.

### Discussion of Results

A key CBA objective is to provide apprenticeships and skills training to develop the skilled trades workforce<sup>8</sup>. During 2020/21, all CBA projects under construction were transportation projects and few road building trades have apprenticeship programs. Additionally, both the Pattullo Bridge Replacement and Broadway Subway projects were in very preliminary construction phases in 2020/21 with a limited number of employees, meaning very few apprenticeship opportunities could be established.

While there are few formal apprenticeship-eligible trades in the current suite of CBA projects, BCIB is optimistic for the future. As current projects move further into construction, and with the start of the Cowichan District Hospital Replacement Project, a vertical build with more formal apprenticeship opportunities, BCIB expects to increase its apprenticeship ratios in the years to come.

At the start of each project BCIB works with the government project owner to establish a project-specific target range for apprentices and trainees. The range accounts for the varying trades and their associated apprenticeship and trainee opportunities across a project's construction lifecycle.

The following table breaks down the apprentice and trainee target ranges per project and the project-to-date percentage of total project hours worked by apprentices and trainees.

<sup>8</sup> CBA Article 1.100(j)

Project	Target range (over life of project)	% of project hours from commencement to March 31, 2021
Chase West	8-18%	8.5%
Illecillewaet	8-18%	8.7%
Pattullo Bridge Replacement	9-15%	3.4% <sup>1</sup>
Broadway Subway Project	16-19%	N/A <sup>2</sup>
Kicking Horse Canyon Project – Phase 4	9-19%	11.7%
Salmon Arm West	8-18%	10.3%

Data source: BCIB

<sup>1, 2</sup> The Broadway Subway and Pattullo Bridge projects were in very preliminary construction phases in 2020/21 with a limited number of employees.

### Goal 3: Honour the diversity and strength of community.

BCIB values the inherent knowledge and experiences of local people who live near CBA projects. Partnerships with Indigenous peoples and local communities help BCIB and the Province meet the principles of the United Nations Declaration on the Rights of Indigenous Peoples and GBA+ (Gender-based Analysis Plus) objectives. Building strong relationships with local communities and local service providers is essential to recruit and retain a diverse skilled workforce for the province.

### Objective 3.1: Deliver Indigenous Cultural Competency training to employees.

#### Key Highlights

- Developed and implemented BCIB's Respectful Onsite Initiative that includes an Indigenous Cultural Competency training program led by Indigenous facilitators and advisors.
- Established relationships and worked in collaboration with Indigenous Nations near CBA projects so local Indigenous awareness could be included as part of Indigenous Cultural Competency Training.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[3.1] Percentage of employees who completed Indigenous Cultural Competency Training <sup>1</sup>	100%	100%	100%	100% <sup>2</sup>	100%

Data source: BCIB

<sup>1</sup> This performance measure considers employees who have been employed by BCIB for 30 days or longer.

<sup>2</sup> This performance measure has been combined with objective 1.3 in BCIB's 2021/22 – 2023/24 Service Plan. Indigenous Cultural Competency Training is one component of the Respectful Onsite Initiative.

## Discussion of Results

The CBA requires employees on projects to participate in, and complete, Indigenous Cultural Competency Training including local Indigenous knowledge<sup>9</sup>. All BCIB employees were provided this training in 2020/21.

Indigenous Cultural Competency Training is a pillar of BCIB's Respectful Onsite Initiative and is critical to recruiting and retaining Indigenous employees.

### Objective 3.2: Develop a Respectful Worksite Initiative to support the inclusion of women and other Equity Groups on the worksite.

#### Key Highlights

- Developed and implemented the Respectful Onsite Initiative to integrate current best practices of training and education to support locals, Indigenous peoples, women, people with disabilities and other underrepresented groups in the trades.
- Implemented a Whistleblower Policy and a Workplace Discrimination and Harassment Policy.
- Provided training to all BCIB employees on workforce policies as part of the onboarding and orientation process.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
[3.2] Percentage of employees who completed respectful workplace training	100%	100%	100%	100%	100%

Data source: BCIB

## Discussion of Results

The CBA prioritizes meeting the needs of Indigenous peoples and equity groups in a workplace free of discrimination and harassment<sup>10</sup>. To meet the CBA requirements, BCIB has developed its Respectful Onsite Initiative. This program helps create a safe and respectful worksite to help recruit and retain workers. In addition to the required Indigenous Cultural Competency Training, BCIB employees are provided equity training through BC Centre for Women in the Trade's Be More Than a Bystander Training program as well as orientation on BCIB's anti-bullying and anti-harassment policy<sup>11</sup> and workplace drug and alcohol policy<sup>12</sup>.

With the support of contractors and government project owners, BCIB provided this training to positively influence the employee experience on the jobsite. Worksite culture is one of the

<sup>9</sup> CBA Article 9.205

<sup>10</sup> CBA Article 1.100 (g), (h), (i) and (l).

<sup>11</sup> Policy required under CBA Article 23.602.

<sup>12</sup> Policy required under CBA Article 20.602.

leading reasons women and other underrepresented groups leave a career in the skilled trades. Providing a safe and respectful jobsite helps recruit and retain workers who might not otherwise choose the skilled trades.

### **Objective 3.3: Partner in recruitment to increase a local skilled trade workforce on CBA projects.**

#### **Key Highlights**

- Worked with municipalities and communities in CBA project regions to identify and target recruitment of local residents.
- Partnered with local employment service agencies, such as WorkBC, to help identify qualified local candidates.
- Presented BCIB's recruitment initiatives to regional industry associations and chambers of commerce to demonstrate BCIB's activities to source diverse, skilled workforce.
- Targeted social media (Facebook, Twitter) to raise local awareness of CBA work opportunities.
- Approached by the City of Surrey to partner to promote local employment on the Pattullo Bridge Replacement Project through city-owned billboards, bus shelters, other municipal outdoor advertising space and the city's website.

<b>Performance Measure(s)</b>	<b>2019/20 Actuals</b>	<b>2020/21 Target</b>	<b>2020/21 Actuals</b>	<b>2021/22 Target</b>	<b>2022/23 Target</b>
[3.3] Percentage of total project hours worked by local hires	23%	N/A <sup>1</sup>	58%	35%-50%	35%-50%

Data source: BCIB

<sup>1</sup>No target was set for 2020/21 as insufficient information was known at the time the Service Plan was drafted.

Targets for this metric will vary depending on the type of projects and project location.

### **Discussion of Results**

The CBA prioritizes opportunities for locals on CBA projects and an objective is to ensure locals have full and fair opportunities to participate.<sup>13</sup> The CBA includes specific priority hiring for local residents<sup>14</sup>. This provides equitable access for those living closest to the projects and increases skills capital in communities, supporting economic stability for local families.

In 2020/21 58% of all BCIB employees were local to CBA projects. The CBA defines local as living within 100km of a jobsite, so BCIB prioritized its recruitment and outreach in communities closest to projects.

<sup>13</sup> CBA Article 1.100 (d) and (k)

<sup>14</sup> CBA Article 9.100



## Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#). These can also be found on the BCIB website [www.bcib.ca/reporting-and-resources/](http://www.bcib.ca/reporting-and-resources/)

## Discussion of Results

Contracted Services represents revenue (i.e., recovery of Project Workforce payroll and related costs) received from contractors for BCIB's supply of skilled workforce to the six active projects. The unfavourable revenue variance is primarily due to shifting project ramp up timelines.

The Service Fee of \$10.0 million is charged to the project owners for BCIB's management of the supply of skilled labour and the implementation of CBA objectives.

In addition to the Project Workforce costs being below budget by \$65.6 million due to shifting project ramp up timelines, there were further expense reductions of \$1.4 million for operating costs.

## Financial Summary

(\$ millions)	2019/20 Actual	2020/21 Budget <sup>1</sup>	2020/21 Actual	2020/21 Variance
<b>Revenue</b>				
Contracted Services	0.8	73.0	7.4	(65.6)
Service Fee	8.0	11.3	10.0	(1.3)
Other	0.2	0.1	0.0	(0.1)
<b>Total Revenue</b>	<b>9.0</b>	<b>84.4</b>	<b>17.4</b>	<b>(67.0)</b>
<b>Expenses</b>				
Project Workforce	0.8	73.0	7.4	(65.6)
Outreach & Engagement	0.9	1.0	0.9	(0.1)
Workforce Operations	2.1	4.3	3.4	(0.9)
Finance & Corporate Services	5.2	6.1	5.7	(0.4)
<b>Total Expenses</b>	<b>9.0</b>	<b>84.4</b>	<b>17.4</b>	<b>(67.0)</b>
<b>Net Income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Liabilities</b>	<b>12.3</b>	<b>10.9</b>	<b>18.4</b>	<b>7.5</b>
<b>Capital Expenditures</b>	<b>0.4</b>	<b>2.4</b>	<b>1.5</b>	<b>(0.9)</b>
<b>Accumulated Surplus</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<sup>1</sup> 2020/21 Budget column is as per the 2020/21 – 2022/23 Service Plan

## **Variance and Trend Analysis**

The unfavourable Contracted Services revenue variance to budget of \$65.6 million is primarily due to shifting project ramp up timelines. BCIB streamlined its processes to achieve expense reductions of \$1.4 million for operating costs, which reduced the amounts recovered from project owners for corporate costs.

The increase in Contracted Services revenue, Project Workforce costs and Workforce Operations costs in 2020/21 compared to 2019/20 reflects the growing number of CBA projects under construction, greater workforce numbers and the required support for those employees. BCIB employees were deployed to the initial CBA project in 2019/20. By the end of 2020/21 BCIB employees were working on six active CBA projects.

## **Risks and Uncertainties**

Project start dates, along with the project scope and budget are key inputs into establishing workforce labour costs. Any changes to these inputs will impact the Salaries and Benefits and Revenue projections.

## **Appendix A: Additional Information**

### **Organizational Overview**

Details of BCIB's mandate and culture are available online: [www.bcib.ca](http://www.bcib.ca)

### **Corporate Governance**

Details of BCIB's corporate governance, including Board of Directors, governance principles and key accountabilities are available online:

[Our Leadership](#) [Reporting and Resources](#)

### **Contact Information**

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[www.bcib.ca](http://www.bcib.ca)

## **Appendix B: Auditor's Report and Audited Financial Statements**

FINANCIAL STATEMENTS OF

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BC INFRASTRUCTURE BENEFITS INC

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YEAR ENDED MARCH 31, 2021

May 13, 2021

Statement of Management's Responsibility  
Year ended March 31, 2021

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors carry out their responsibility for review of the financial statements principally through the Audit, Finance and Risk Committee. The voting members of the Audit, Finance and Risk Committee are composed entirely of persons who are neither management nor employees of the Corporation. The Audit, Finance and Risk Committee meets with management and staff and the external auditors to discuss the results of the audit examination and financial reporting matters. The auditors have full access to the Audit, Finance and Risk Committee with, and without, the presence of management and staff.

Smythe LLP, an independent firm of chartered professional accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows.

Yours truly,



Irene Kerr  
Chief Executive Officer



Mario Piscitelli  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF BC INFRASTRUCTURE BENEFITS INC.

#### *Opinion*

We have audited the financial statements of BC Infrastructure Benefits Inc. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Matter*

The financial statements of the Corporation for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 19, 2020.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS), 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 13, 2021

**BC Infrastructure Benefits Inc.**

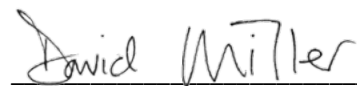

## Statement of Financial Position

As at March 31, 2021

(in \$000's)

	Notes	31-Mar-21	31-Mar-20
<b>Financial assets</b>			
Cash and cash equivalents		\$ 6,403	\$ 3,793
Accounts receivable	3	686	6
Due from government & other government organizations	4	9,530	7,972
		<u>16,619</u>	<u>11,771</u>
<b>Liabilities</b>			
Debt	5	16,000	11,073
Accounts payable & accrued liabilities	6	2,031	942
Due to government & other government organizations	7	342	251
Deferred capital contributions	9	56	77
		<u>18,429</u>	<u>12,343</u>
<b>Net financial assets (debt)</b>		<u>(1,810)</u>	<u>(572)</u>
<b>Non-financial assets</b>			
Tangible capital assets	10	1,634	397
Prepaid expenses	11	176	175
		<u>1,810</u>	<u>572</u>
<b>Accumulated surplus (deficit)</b>		<u>\$ -</u>	<u>\$ -</u>

Approved on behalf of the Board of Directors on May 13, 2021

  
David Miller, Chair  
Michael Bonshor, Director*The accompanying notes form an integral part of these financial statements.*

**BC Infrastructure Benefits Inc.**

## Statement of Operations

For the year ended March 31, 2021

(in \$000's)

	<b>Note</b>	<b>Budget</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Revenues</b>		(Note 13)		
Contracted services		\$ 72,923	\$ 7,361	\$ 788
Service fees		11,325	9,985	7,987
Interest revenue		80	32	65
Other revenue		20	33	172
		<u>84,348</u>	<u>17,411</u>	<u>9,012</u>
<b>Expenses</b>	12			
Project workforce		72,923	7,361	788
Outreach and engagement		1,004	929	927
Operations		4,072	3,432	2,100
Finance and corporate services		6,349	5,689	5,197
		<u>84,348</u>	<u>17,411</u>	<u>9,012</u>
<b>Annual operating surplus (deficit)</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated surplus (deficit) at beginning of year		-	-	-
<b>Accumulated surplus (deficit) at end of year</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes form an integral part of these financial statements.*

**BC Infrastructure Benefits Inc.**

## Statement of Changes in Net Assets (Debt)

For the year ended March 31, 2021

(In \$000's)

	<b>Budget</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	(Note 13)		
Surplus (deficit)	\$ -	\$ -	\$ -
Effect of change in tangible capital assets:			
(Acquisition)/disposal of tangible capital assets	(2,400)	(1,416)	(354)
Amortization of tangible capital assets	540	179	54
	(1,860)	(1,237)	(300)
Effect of change in prepaid expense			
Acquisition of prepaid expense	(1,100)	(1,019)	(817)
Use of prepaid expense	1,050	1,018	658
	(50)	(1)	(159)
<b>Increase in net debt</b>	<b>\$ (1,910)</b>	<b>\$ (1,238)</b>	<b>\$ (459)</b>
<b>Net debt at beginning of year</b>	<b>(287)</b>	<b>(572)</b>	<b>(113)</b>
<b>Net debt at end of year</b>	<b>\$ (2,197)</b>	<b>\$ (1,810)</b>	<b>\$ (572)</b>

*The accompanying notes form an integral part of these financial statements.*

**BC Infrastructure Benefits Inc.**

## Statement of Cash Flows

For the year ended March 31, 2021

(In \$000's)

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Operating transactions</b>		
Surplus (deficit)	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	179	54
Loss on disposal of tangible capital assets	35	-
Amortization of discount on debt	41	118
Amortization of foreign exchange gains	(9)	-
Discount on debt	(17)	(144)
Unamortized foreign exchange gains on debt	10	-
Decrease in deferred capital contribution	(21)	(20)
Decrease in deferred operating contributions	-	(16)
Changes in operating working capital:		
Increase in accounts receivable	(680)	(6)
Increase in due from government and government organizations	(1,558)	(3,634)
Increase in prepaids and deposits	(1)	(159)
Increase in accounts payable and accrued liabilities	1,089	873
Increase (decrease) in due to government and government organizations	91	(4,017)
Cash applied to operating transactions	<u>(841)</u>	<u>(6,951)</u>
<b>Capital transaction</b>		
Cash used in acquisition of tangible capital assets	<u>(1,451)</u>	<u>(354)</u>
Cash applied to capital transaction	<u>(1,451)</u>	<u>(354)</u>
<b>Financing transactions</b>		
Debt issues	49,000	23,199
Debt repayment	<u>(44,098)</u>	<u>(12,100)</u>
Cash provided by financing transactions	<u>4,902</u>	<u>11,099</u>
<b>Increase in cash</b>	2,610	3,793
Cash at beginning of year	<u>3,793</u>	<u>-</u>
<b>Cash at end of year</b>	<u>\$ 6,403</u>	<u>\$ 3,793</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest Paid	73	85

*The accompanying notes form an integral part of these financial statements.*

## 1. NATURE OF OPERATIONS

British Columbia Infrastructure Benefits Inc., (“BCIB” or “the corporation”) is a provincial Crown corporation incorporated under B.C.’s Business Corporations Act and directly accountable to the Minister of Finance.

BCIB was established to implement, measure and report on the objectives of the Community Benefits Agreement (“CBA”), a collective agreement between BCIB and the Allied Infrastructure and Related Construction Council (“AIRCC”) to grow the skilled trades workforce by creating career opportunities for underrepresented workers, locals and apprentices on select public infrastructure projects.

BCIB is exempt from income taxes under the *Income Tax Act* (Canada).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

### a) *Basis of Accounting*

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*. This act requires BCIB to prepare financial statements in accordance with Public Sector Accounting Standards, except with regards to accounting for government transfers as set out below.

In November 2011, Treasury Board provided a directive through *Restricted Contributions Regulation 198/2011*. This provided direction for the reporting of restricted contributions whether they are received or receivable by BCIB before or after this regulation was in effect.

### b) *Change in Accounting Policy*

During fiscal 2021, BCIB changed its policy for smaller value tangible capital assets which are identical, similar or related. These assets are now grouped together as an asset pool and accounted for as a single asset for amortization purposes. Eligible assets acquired during a fiscal quarter are pooled together and half the amortization is taken in the quarter of acquisition. Standalone higher value tangible capital assets are not pooled and are amortized starting in the month following acquisition. This change in the accounting policy and the impact on the financial statements is immaterial.

### c) *Revenue Recognition*

BCIB has chosen to early adopt Public Sector Accounting Standard *PS 3400 Revenue* for Fiscal 2021. PS 3400 establishes standards for the accounting for revenue arising from exchange transactions. BCIB does work and incurs costs ahead of the construction start on projects and during construction to achieve the objectives of the CBA and to satisfy its obligation to project Owners. As BCIB does this work, it recognizes revenue from project Owners to offset its costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) *Restricted Revenue*

Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follow:

- Contributions for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contribution and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- When all eligibility criteria have been met and authorization has been received, contributions for operating expenditures are recorded as revenue in the year related expenses are incurred except for prepaid expenses, where contributions are recorded as deferred operating contributions and recognized over the term of prepayment.

### e) *Expense Recognition*

Costs incurred by BCIB are expensed as incurred. Expenses are recorded on an accrual basis.

### f) *Tangible Capital Assets*

Tangible capital assets are non-financial assets having a physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, or maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond an accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development, installation, and betterment of the asset.

Amortization begins when the asset is brought into productive use. The cost of the tangible capital assets is amortized over its estimated useful life. Methods and rates are reviewed annually and adjusted if necessary. If there are changes to the methods and rates, these are accounted for prospectively.

The amortization method and useful lives for each asset class are as follows:

Asset	Amortization Method	Useful Lives (in years)
Furniture and fixtures	Straight Line	3 to 5
Leasehold improvements	Straight Line	Term of the lease
Computer assets	Straight Line	3 to 10
Vehicles	Straight Line	10

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Work-in-progress tangible capital assets are not amortized until the assets are completed and put into use.

### g) *Prepaid Expenses*

Prepaid expenses are recorded at cost. Prepaids are expensed on a straight-line basis over the life of the agreement as economic benefits are used.

### h) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan, which is a defined benefit, multi-employer jointly trustee plan. As the plan assets and liabilities are not readily available to the employer, BCIB recognizes plan contributions incurred.

### i) *Financial Instruments*

Financial Instruments include primary instruments such as cash, amounts due from or to government and other government organizations, accounts payable and accrued liabilities and short-term debt.

The Corporation had classified each of its financial instruments in the following categories:

	Category	Measurement
Cash and cash equivalents	Fair value	Fair value
Trade and other receivables	Other financial assets	Amortized cost
Accounts payable & accrued liabilities	Other financial liability	Amortized cost
Short-term debt	Other financial liability	Amortized cost

### j) *Measurement Uncertainty*

The preparation of financial statements requires management to make estimates and assumptions that impact the amount reported for assets and liabilities at the date of the financial statements, as well as the amounts reported for revenues and expenses during the reporting period. Items requiring the use of significant estimates include provisions for certain accrued liabilities.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will by definition exhibit some variances to actual results.

## 3. ACCOUNTS RECEIVABLE

(\$000's)

Trade accounts receivable  
Other receivables

	March 31, 2021	March 31, 2020
	\$ 686	\$ -
	-	6
	<u>\$ 686</u>	<u>\$ 6</u>



#### 4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2021	March 31, 2020
BC Transportation Financing Authority	\$ 8,972	\$ 7,943
Island Health	525	-
Canada Revenue Agency	32	26
Transportation Investment Corporation	1	3
	<u>\$ 9,530</u>	<u>\$ 7,972</u>

Receivables from BC Transportation Financing Authority ("BCTFA") represents management service fees charged for the provision of workforce services. Receivables from Island Health represents services provided to Island Health. Receivables from Canada Revenue Agency ("CRA") are from GST paid by BCIB. Receivables from Transportation Investment Corporation ("TI Corp") represents fees charged for professional staff services.

#### 5. DEBT

BCIB funds part of its operations with short-term debt. Debt typically matures within 3 to 6 months. The Minister of Finance authorized BCIB to acquire up to \$100 million of short-term debt. At March 31, 2021, the Corporation had foreign currency short-term debt totaling \$16 million, equivalent to US\$12.65 million (2020 CAD debt – \$11.07 million) with an annual interest rate of 0.08%. At the time of borrowing, the debt was set up as a foreign exchange swap, therefore the final foreign currency translation gains/losses are fixed at the swap rate. At year end, the swap rate is the rate used to translate the US denominated debt into Canadian dollars. The debt maturity date is June 7, 2021 and any foreign currency translation gains/losses are amortized over the borrowing period until the debt matures.

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(\$000's)	March 31, 2021	March 31, 2020
Accrued liabilities	\$ 1,688	\$ 923
Accounts payable	343	19
	<u>\$ 2,031</u>	<u>\$ 942</u>

Accounts payable are in the normal course of operations and measured at the exchange amount. At times, the Corporation may be exposed to certain legal obligations. An estimated claim is accrued when a reasonable estimate can be made, and it is probable that a settlement can be reached. During the fiscal year, there were no legal obligations outstanding.

#### 7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2021	March 31, 2020
Canada Revenue Agency	\$ 234	\$ 107
BC Public Service Agency	64	115
Province of British Columbia	44	-
Transportation Investment Corporation	-	29
	<u>\$ 342</u>	<u>\$ 251</u>

## 7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS (CONTINUED)

The amounts payable to CRA are related to GST received and payroll taxes. The amounts payable to BC Public Service Agency are primarily related to payroll services and employee benefits. The amounts payable to Province of British Columbia relate to employer health tax.

## 8. DEFERRED OPERATING CONTRIBUTIONS

(\$000's)	March 31, 2021	March 31, 2020
Deferred operating contributions, beginning of year	\$ -	\$ 16
Amount recognized as revenue in the year	-	(16)
Deferred operating contributions, end of year	<u>\$ -</u>	<u>\$ -</u>

Deferred operating contributions represent funding from BC Ministry of Transportation and Infrastructure ("TRAN") to cover the prepaid cost of a computer software license. Deferred operating contributions are recognized as revenue over the term of the license, matching the recognition of the related prepaid expense.

## 9. DEFERRED CAPITAL CONTRIBUTIONS

(\$000's)	March 31, 2021	March 31, 2020
Deferred capital contributions, beginning of year	\$ 77	\$ 97
Amount recognized as revenue in the year	(21)	(20)
Deferred capital contributions, end of year	<u>\$ 56</u>	<u>\$ 77</u>

Deferred capital contributions represent funding from TRAN, recognized as government transfer revenue over the expected useful life of the related tangible capital assets.

## 10. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The costs and accumulated amortization for BCIB's tangible capital assets at March 31, 2021 are as follows (\$000's):

<b>Cost</b>	<b>Furniture &amp; Fixtures</b>	<b>Leasehold Improvements</b>	<b>Computer Assets</b>	<b>Vehicle</b>	<b>Work- In-Progress</b>	<b>Total</b>
Balance at March 31, 2020	\$ 113	\$ 98	\$ 134	\$ -	\$ 106	\$ 451
Additions	12	-	797	31	611	1,451
Disposals	-	-	(37)	-	-	(37)
Transfers	-	-	520	-	(520)	-
Balance at March 31, 2021	125	98	1,414	31	197	1,865
<b>Accumulated Amortization</b>						
Balance at March 31, 2020	15	15	24	-	-	54
Amortization	25	19	133	2	-	179
Disposals	-	-	(2)	-	-	(2)
Balance at March 31, 2021	40	34	155	2	-	231
<b>Net book value at March 31, 2021</b>	<b>\$ 85</b>	<b>\$ 64</b>	<b>\$ 1,259</b>	<b>\$ 29</b>	<b>\$ 197</b>	<b>\$ 1,634</b>

The costs and accumulated amortization for BCIB's tangible capital assets at March 31, 2020 are as follows (\$000's):

<b>Cost</b>	<b>Furniture &amp; Fixtures</b>	<b>Leasehold Improvements</b>	<b>Computer Assets</b>	<b>Work- In-Progress</b>	<b>Total</b>
Balance at March 31, 2019	\$ 2	\$ 72	\$ 23	\$ -	\$ 97
Additions	111	26	111	106	354
Balance at March 31, 2020	113	98	134	106	451
<b>Accumulated Amortization</b>					
Balance at March 31, 2019	-	-	-	-	-
Amortization	15	15	24	-	54
Balance at March 31, 2020	15	15	24	-	54
<b>Net book value at March 31, 2020</b>	<b>\$ 98</b>	<b>\$ 83</b>	<b>\$ 110</b>	<b>\$ 106</b>	<b>\$ 397</b>

Work-in-progress consists of development costs related to computer software and equipment.

## 11. PREPAID EXPENSE

(\$000's)	March 31, 2021	March 31, 2020
Computer software license	\$ 95	\$ 129
Office lease	66	46
Insurance	15	-
	<u>\$ 176</u>	<u>\$ 175</u>

## 12. EXPENSE BY OBJECT

(\$000's)	March 31, 2021	March 31, 2020
Amortization	\$ 179	\$ 54
Financing	37	122
Information technology	544	273
Lease	687	473
Office & other	358	306
Payroll system	543	1,549
Professional services	1,676	1,561
Salaries & benefits	13,210	4,535
Training & offsite costs	99	12
Travel	78	127
	<u>\$ 17,411</u>	<u>\$ 9,012</u>

## 13. BUDGETED FIGURES

The Fiscal 2021 budget is reflected in the Statement of Operations and the Statement of Changes in Net Assets (Debt). Budget data presented in these financial statements is based upon the Fiscal 2021 budget approved by the Board on December 11, 2019.

## 14. RELATED PARTY TRANSACTIONS

BCIB is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations and all public sector organizations included in the Provincial Government Reporting Entity ("GRE"). Transactions with related parties are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions.

BCIB, TRAN and BCTFA executed the Employee Supply Agreement on May 23, 2019. BCIB receives management services fees for the provision of workforce services to select major infrastructure projects. For fiscal 2021, BCIB recognized management services fees \$9.49 million (2020 - \$7.99 million).

BCIB and Vancouver Island Health Authority (Island Health) entered into an agreement in fiscal 2021 for project-related assistance and services amounting to \$0.5 million (2020 - \$0).

BCIB charges fees to TI Corp for professional staff services.

## 15. EMPLOYEE BENEFIT PLAN

BCIB and its employees contribute to the Public Service Pension Plan (the “Plan”), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer jointly trustee pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit pension plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities that participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions that are contractually due to the plan as at the reporting period date that have not yet been paid. As of March 31, 2021, the Corporation has approximately 56 employees contributing to the plan, which has approximately 133,000 total active and retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest actuarial valuation was conducted in March 2020 and indicated a Basic Account actuarial funding valuation surplus of \$2.7 billion. The next valuation will occur in 2023. The actuary does not attribute portions of any unfunded liability to individual employers. In Fiscal 2021, the employees of BCIB contributed \$359,302 (2020 – \$172,515) to the Plan and the Corporation paid \$423,848 (2020 – \$203,505) in employer contributions to the Plan.

## 16. CONTRACTUAL OBLIGATIONS

(\$000's)	Operating Lease
Fiscal 2022	\$ 839
Fiscal 2023	839
Fiscal 2024	885
Fiscal 2025	885
	<u>\$ 3,448</u>

The majority of BCIB’s operating leases includes rental of office space that commenced in April 2019 for a term of 6 years. The additional rent included in the lease amount is based on a rate determined for 2020 and is subject to change based on actual expenses calculated by the Landlord.

## 17. RISK MANAGEMENT

### Credit Risk

Credit risk results when a BCIB counterparty fails to discharge an obligation of a financial instrument.

The maximum exposure of BCIB to credit risk at March 31, 2021 is as follows:

(\$000's)	March 31, 2021	March 31, 2020
Accounts receivable	\$ 686	\$ 6
Due from government	9,530	7,972
	<u>\$ 10,216</u>	<u>\$ 7,978</u>

The risk is mitigated because the majority of BCIB's counterparts are Contractors that are bound by terms of payment and default clauses reassures BCIB will be paid.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of market interest rate changes. BCIB's exposure to interest rate risk is minimal because it carries a small amount of short-term debt. A one percentage short-term interest rate change could result in approximately a \$172,800 cost differential.

### Foreign Exchange Risk

Foreign exchange risk occurs when the fair value or future cash flows of a financial instrument are negatively impacted by a fluctuating foreign exchange rate. BCIB has mitigated foreign exchange risk by locking in an exchange swap rate that fixes the final foreign currency gains/losses.

### Liquidity Risk

Liquidity risk occurs if BCIB is unable to meet its financial obligations as they fall due. BCIB's liquidity risk is mitigated through a short-term financing agreement with the Ministry of Finance that enables the corporation to borrow up to \$100,000,000 on a short-term basis. BCIB regularly monitors its cash flows and if necessary can borrow as needed to satisfy its financial obligations.

### COVID-19 Risk

The World Health Organization assessed the COVID-19 outbreak as a pandemic in March 2020. Management has considered the consequences of COVID-19 and its impact on BCIB operations and determined that they do not have any material impact on BCIB's financial results in fiscal 2021, nor has it cast any doubt on the corporation's ability to continue as a going concern. However, the duration of COVID-19 restrictions is still unknown, it is not possible to estimate the potential impact on the Corporation's financial results and its condition in future periods.