

BC Infrastructure Benefits Inc.

2021/22
Annual Service Plan Report
August 2022



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Board Chair's Accountability Statement



The *BC Infrastructure Benefits 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

A handwritten signature in black ink that reads "David Miller". The signature is written in a cursive, flowing style.

David Miller
Board Chair
July 18, 2022

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Letter from the Board Chair and President & CEO

We are pleased to present the BC Infrastructure Benefits (BCIB) 2021/22 Annual Service Plan Report. In the past year BCIB made significant contributions to a progressive skilled trades workforce and workplace by creating opportunities, promoting inclusivity, driving productivity and building opportunities here.

The province's first Community Benefits Agreement (CBA) project, the Illecillewaet Brake Check near Revelstoke, was completed in late 2021. The workforce on that project demonstrates how BCIB works with contractors to create career opportunities, remove workplace barriers, and improve jobsite culture for underrepresented workers.

On the Illecillewaet project:

- 94% of BCIB's workers were from British Columbia.
- 85% of the BCIB's workers came from surrounding regions.
- 14% of the workers were women, compared to a provincial industry average of 6%.
- 17% of the workers were Indigenous, compared to a provincial industry average of 6%.
- 18% of the workers were apprentices or trainees.

While this project was relatively small, last year BCIB employed more than 1,200 workers on CBA projects across the province. With eleven projects either in construction or in development, including the BCIT Trades and Technology Complex, our workforce is growing, and we are positioned to continue making significant contributions to the growth and diversification of our province's skilled trades workforce.

To help recruit and retain workers, BCIB has introduced and evolved its Respectful Onsite Initiative training to positively impact culture on the jobsite and to contribute to the province's commitment to the *Declaration on the Rights of Indigenous Peoples Act*. With the help of local Indigenous communities, BCIB's training has 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.

Our partnerships with contractors, unions and community groups have helped us deliver goals that make possible a new level of economic and social benefits for the people who build public infrastructure and their communities.

David Miller



Board Chair, BC Infrastructure Benefits
July 18, 2022

Irene Kerr



President and CEO, BC Infrastructure Benefits
July 18, 2022

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 the Provincial Crown corporation providing the qualified skilled trades workforce for the construction of public infrastructure projects operating under the Community Benefits Agreement. The CBA is a labour agreement to grow and diversify the skilled trades by helping traditionally underrepresented workers build construction careers and creating pathways for apprenticeship training.

As the progressive employer for workers on these projects, BCIB makes sure British Columbians get access to good-paying, career-building jobs, skills development and apprenticeships. Priority hiring and rehiring qualified underrepresented workers such as Indigenous peoples, women and people with disabilities will help ensure our Province can meet labour market needs, today and into the future.

With a focus on local hiring, BCIB gives British Columbians access to work opportunities in their communities. Local workers can then build, invest and stay in their communities. Indigenous peoples, women and other traditionally underrepresented groups receive priority access to employment and training opportunities at BCIB.

BCIB also helps grow the next generation of construction workers needed in this Province. By maximizing apprenticeship openings on major public infrastructure projects, BCIB provides those starting out their careers in the skilled trades with excellent career paths and job opportunities.

Jobsite culture is one of the leading reasons women and Indigenous people leave construction. To recruit and better retain underrepresented workers, BCIB fosters jobsites that are inclusive and respectful of cultural differences. It developed the Respectful Onsite Initiative, a suite of training programs including Indigenous Cultural Competency Training and Justice, Equity, Diversity and Inclusion (JEDI) training as well as anti-racism and anti-discrimination policies to create a safe and respectful worksite. With the support and participation of government project owners and contractors, all employees under the CBA participate in this training.

BCIB aligns 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 and perform work and maximizing access to all available skilled and experienced labour;

- Optimizing opportunities to develop and grow the skilled labour workforce and 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, and 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.

BCIB is incorporated under the *Business Corporations Act* and is directly accountable to the Minister of Finance.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021-22 Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the 2021/22 BCIB Service Plan as well as actual results reported on in this annual report.

Operating Environment

British Columbia's construction industry is facing a skilled trades shortage. More workers are retiring than are entering the industry, and construction starts in this province are among the highest in Canada. To help grow the workforce the CBA and BCIB were created to help workers traditionally underrepresented in the skilled trades build construction careers.

In 2021/22, BCIB employed more than 1,200 skilled trades workers on CBA projects. BCIB employed more than double the industry average for women and Indigenous peoples, helping create opportunities for these underrepresented groups. Over the same time, 69% of BCIB employees were local (living within 100km of a project), meaning direct economic benefits to the communities where they live and work.

One CBA project, the Illecillewaet Brake Check Project, was completed this past year. Other projects ramped up in 2021/22, including the Pattullo Bridge Replacement Project, the Broadway Subway Project, Kicking Horse Canyon Phase 4 and projects included in the Highway 1 Four Laning Program. Two new projects, the Cowichan District Hospital Replacement Project and the British Columbian Institute of Technology (BCIT) Trades & Technology Complex, were both announced as being built under the CBA. As of March 31, 2022, eleven provincial infrastructure projects are currently being developed or delivered under the Community Benefits Agreement.

These new and in-construction CBA projects created interest within the construction industry and drove more outreach to community groups and skills training partners, resulting in more engagement than expected.

COVID health and safety protocols limited BCIB's ability to deliver Respectful Onsite Initiative training to groups in-person. COVID health and safety protocols also required engagement, outreach and recruitment to take place virtually rather than in-person.

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 with no markup. BCIB overhead costs are recouped from project owners.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Mobilize and grow a safe, diverse, skilled workforce that represents the communities where CBA projects are built.

Objective 1.1: Increase the diversity of the trades workforce by recruiting in partnership with Indigenous communities and organizations supporting women, people with disabilities, and other traditionally underrepresented groups.

Key Highlights

- Partnered with Progressive Intercultural Community Services Society (PICS) to help create pathways for immigrants to convert skills to certifications so they can work in the skilled trades in BC.
- Connected with 27 WorkBC offices in the Lower Mainland and all 9 Vancouver Island offices to help recruit.
- Developed and leveraged partnerships with organizations such as the Industry Training Authority, Indigenous Service and Employment Training (ISETS), BC Centre for Women in the Trades and other employment support agencies to target local underrepresented workers close to CBA projects.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[1.1] Percentage of total project hours worked by Indigenous peoples and equity groups ¹	15%	16%	28%	16%	16%

Data source: BCIB

Discussion of Results

Through priority hiring, recruitment, engagement, and partnerships with communities BCIB was able to exceed its target.

¹ This measure includes the participation of the following groups: women, Indigenous peoples, persons with disabilities, visible minorities and 2SLGBTQ+, and youth.

An objective of the CBA is to optimize opportunities to develop and grow the skilled trades workforce² and to maximize access to all available skilled and experienced workers³.

Women⁴ and Indigenous peoples⁵ each represent approximately 6% of British Columbia's on-site construction workforce. There are no known third-party statistics for other equity groups.

The CBA includes priority hiring⁶ to create the greatest opportunities for locals, Indigenous peoples, women, and other equity groups to help grow a progressive workforce that will build equity and economic mobility for British Columbians. BCIB specifically targets these underrepresented workers for recruitment. BCIB's targets are double the industry average.

Unlike projects that set targets or quotas, priority hiring is a continuous process that is applied each time a contractor makes an employee request over the life of a project. The effort required to recruit qualified workers traditionally underrepresented in the skilled trades is significant, but the number of meaningful career opportunities produced by this process is rarely matched by other equity and diversity mechanisms.

BCIB Workforce Demographics by Priority Category

Priority Category	Percentage of project hours worked in 2021/22 by BCIB employees
Female	14%
Indigenous	14%
Other (includes people of colour, persons with disabilities, and 2SLGBTQ+)	16%

Note: This table provides a closer look at some of the demographics of BCIB's workforce. This table shows a breakdown of the project hours worked by some of the different priority groups, including Indigenous peoples and some of the equity groups tallied in objective 1.1. The three priority categories in this table (female, Indigenous and other) are some of the underrepresented groups counted towards the percentage of total project hours measured in Performance Measure 1.1. Candidates may belong to multiple priority categories.

Objective 1.2: Increase apprenticeship and trainee opportunities to facilitate journey completion and achievement of qualifications.

Key Highlights

- Established a partnership with the Construction Foundation of BC to refer candidates for entry-to-trades initiatives.
- Partnered with Okanagan College to establish a construction craft worker apprenticeship program for the BC Interior.

² CBA Article 1.100(c).

³ CBA Article 1.100(b).

⁴ Enhancing the Retention and Advancement of Women in the Trades in British Columbia: Final Report, WorkBC, 2017.

⁵ 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.

⁶ CBA Articles 1.100(k) and Article 9.100.

- Worked with the Affiliated Unions that are part of the Allied Infrastructure and Related Construction Council (AIRCC) and other industry and educational leaders to implement leading practices for cultural safety training and apprenticeship and trainee supports.
- Continued to partner with support agencies to help underrepresented groups enter apprenticeships and the skilled trades.
- Continued ongoing analysis of labour supply to support recruitment for CBA projects. The process includes 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)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[1.2] Percentage of total project hours worked by apprentices and trainees	8%	15%	9%	25%	25%

Data source: BCIB

Discussion of Results

Growing the skilled trades workforce through apprenticeships is a priority in the CBA⁷. Supporting apprentices to achieve their journey person certification is a key tool for growing the skilled trades workforce and building career opportunities here at home. Reporting the percentage of total project hours worked by apprentices and trainees⁸ indicates the level of investment in the training and development of apprentices on CBA projects.

During 2021/22, 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 2021/22 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 establishing a strategy to prioritize new apprenticeship opportunities on upcoming projects. 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 plans 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.

⁷ CBA Article 1.100 (j), (k) and (m).

⁸ BCIB's future reporting will include separate performance measures for both apprentices and trainees. In 2021/22, BCIB's total apprentices and trainees were split 25% apprentices and 75% trainees because of the high proportion of road building trades employed on the current portfolio of CBA projects.

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.

Project	Target range (over life of project)	% of project hours from commencement to March 31, 2022
Chase West	8-18%	7%
Chase East	8-18%	2% ¹
Illecillewaet ⁹	8-18%	13%
Pattullo Bridge Replacement	9-15%	4% ²
Broadway Subway Project	16-19%	3% ³
Kicking Horse Canyon Project – Phase 4	9-19%	15%
Salmon Arm West	8-18%	12%
Quartz Creek	8-18%	7%

Data source: BCIB

^{1, 2, 3} The Chase East, Pattullo Bridge and Broadway Subway projects were in very preliminary construction phases in 2021/22 with a limited number of employees.

Objective 1.3: Foster a jobsite culture that is inclusive and respectful for a diverse workforce.

Key Highlights

- Implemented the Respectful Onsite Initiative to meet the CBA objectives and create a respectful jobsite for all workers. The Initiative includes:
 - History Matters: Reconciliation in the Workplace training program which is delivered by First Nation community-based Indigenous/non-Indigenous teams supported by an Elder/Knowledge Sharer.
 - Justice, Equity, Diversity, and Inclusion which discusses blind spots, microaggressions, stereotypes and myths as well as racism, mental health and addictions and provides tools to support workers on the jobsite.
- Established relationships with Indigenous Nations near CBA projects in the Lower Mainland as well as the Interior to recruit History Matters training teams as well as Knowledge Sharers to ensure the history, experiences, and culture of local Nations are integrated into the training.
- Initiated Reconciling Bias to address bullying or racially based incidents on project sites using an Indigenous and alternative approach to re-establishing harmony between workers and the jobsite.

⁹ Completed in FY22.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[1.3] Percentage of employees who completed the Respectful Onsite Initiative program.	100%	100%	57% ¹	100%	100%

Data source: BCIB

¹ BCIB set the target and forecast for this measure before the Omicron COVID-19 wave prevented in-person training.

Discussion of Results

Accommodating project construction schedules and adhering to all COVID health and safety protocols limited the ability to deliver in-person Respectful Onsite Initiative training to groups on some sites. As COVID restrictions have been eased BCIB has resumed providing the training to employees as they are onboarded to the construction site, and to employees it was not able to train in 2021/22.

The CBA prioritizes meeting the needs of Indigenous peoples and equity groups in a workplace free of discrimination and harassment.¹⁰ The CBA also requires Indigenous Cultural Competency Training be delivered to workers on-site.¹¹ To meet the CBA requirements, BCIB has developed a Respectful Onsite Initiative to support a safe and respectful worksite, promote inclusivity and the development of an equitable society.

Reporting on the percentage of employees who have completed BCIB's Respectful Onsite Initiative demonstrates BCIB's progress against the CBA objective and requirement of creating a jobsite culture that is inclusive and respectful of a diverse workforce.

Feedback from employees about the Respectful Onsite Initiative and BCIB's culture has been positive and appreciative. Employees report feeling supported by BCIB's Site Representatives and aware of opportunities for growth and advancement. Learning about diversity and local Indigenous cultures and history contributed to a more respectful jobsite, a closer crew and a more welcoming, safer workplace. Contractors on CBA projects found the training useful and said it was informative and eye-opening to perspectives less widely known in the industry.

Objective 1.4: Increase the local participation in the skilled trades workforce on CBA projects.

Key Highlights

- Implemented a local recruitment plan and used local networks to target qualified and underrepresented workers who are local to CBA projects.
- Worked with municipalities and communities in CBA project regions to identify and target recruitment of local residents. Partnered with local employment service agencies,

¹⁰ CBA Article 1.100 (g), (h), (i) and (l).

¹¹ CBA Article 9.205.

such as WorkBC, MOSAIC and Progressive Intercultural Community Services Society (PICS) 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 a diverse, skilled workforce.
- Targeted social media (Facebook, Twitter, LinkedIn) to raise local awareness of CBA work opportunities.
- For the second year in a row, partnered with the City of Surrey to promote local employment on the Pattullo Bridge Replacement Project through city-owned billboards, bus shelters and the city's website.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[1.4] Percentage of total project hours worked by local hires	58%	35%-50%	69%	35%-50%	35%-50%

Data source: BCIB

Discussion of Results

The CBA includes priority hiring for local residents¹², and an objective is to ensure locals have full and fair opportunities to participate.¹³ This provides equitable access for those living closest to the projects to work in their province and help develop a stronger BC.

In 2021/22 69% of all BCIB employees were local to CBA projects (over 800 individuals), and the vast majority were from surrounding regions. The CBA defines local as living within 100km of a jobsite. Partnerships with municipalities, local networks and targeted outreach to communities of underrepresented workers helped BCIB recruit these workers.

Objective 1.5: Review BCIB applicant qualifications for either deployment to a CBA project or referral to a partner for training support.

A key objective of the CBA is to develop the skilled trades workforce through skills training¹⁴. To deliver on this objective, BCIB accepts applicants from across BC who are seeking opportunities to participate, contribute and prosper here, regardless of whether they are currently a member of an AIRCC affiliated union. To manage the intake of applicants, BCIB works with the AIRCC and other partners, such as the Industry Training Authority, to review applicant qualifications.

Key Highlights

- Created partnerships with employment service providers and training agencies so applicants who are not job ready can be referred for further training so they can be employed in the future.

¹² CBA Article 9.100.

¹³ CBA Article 1.100 (d) and (k).

¹⁴ CBA Article 1.100 (c) and (j).

- Improved the candidate application web form to make it easier for people with language or technology barriers to register their qualifications.
- Further enhanced technology to reduce manual processes and more efficiently match BCIB applicants to contractor employee requests.
- Worked with the AIRCC to obtain enhanced transparency regarding member selection for available positions and how to ensure BCIB recruits received consideration during the hiring process under the CBA.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[1.5] Percentage of applicants notified of the outcome of their skills review within a 45-day period.	N/A	100%	100%	100%	100%

Data source: BCIB

Discussion of Results

Workers with required skills are put on a dispatch list for when their trade is required on a CBA project. Apprentices and trainees who require further classroom training are referred to the Industry Training Authority.

If a candidate is not yet qualified for deployment on a project, BCIB refers the individual to an appropriate service agency or government program for further training¹⁵.

BCIB measures the percentage of applicants who receive notification of the review of their qualifications within 45 days. Qualified applicants are then placed on the dispatch list for CBA projects and connected with the affiliated union for potential work. A measure of 100% shows a high level of efficiency in reviewing and responding to applicants to BCIB within a prescribed timeframe.

Goal 2: Partner in the successful delivery of public infrastructure projects and implement the Community Benefits Agreement.

Objective 2.1: Engage with project owners and industry to support procurement on CBA infrastructure projects.

Key Highlights

- Participated in business-to-business information sessions with subcontractors local to CBA projects to help them learn about the CBA and submit bids for work.
- Engaged in regular opportunities for feedback, collaboration, and education to communicate and inform unions, industry stakeholders, and the contractor and subcontractor community about the CBA objectives.

¹⁵ CBA Article 9.201(b).

- Demonstrated how the CBA is implemented on project bids and at the worksite through BCIB's active engagement with bidders and other targeted outreach during each project's procurement process.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[2.1] Number of contractors engaged with through industry engagement and collaborative meetings on CBA projects.	24	15	174	Based on project schedule	Based on project schedule

Data source: BCIB

Discussion of Results

Key objectives in the CBA are to allow any contractor in the construction industry to bid on and perform work on CBA projects¹⁵ and to ensure projects are not affected by any labour or collective bargaining disputes¹⁶. To help familiarize businesses with the CBA, to help align economic success with progressive workplace practices and to support project procurements, BCIB conducts engagement and dialogue with the contractor community.

Engagement includes meetings with individual contractors, business-to-business networking sessions, all proponent meetings and specific topic meetings held in partnership with government project owners.

The number of industry engagements and collaborative meetings in 2021/22 significantly exceeded targets because of interest from contractors and the number of subcontractors starting work on CBA projects already in progress. BCIB increased its number of contractor onboarding sessions and scheduled more introductory meetings with industry participants than anticipated.

BCIB engages all contractors with its outreach. This kind of outreach has helped companies bid on and get to work on CBA projects. Nearly two thirds of the contractors working on CBA projects are companies not associated with the AIRCC Affiliated Unions.

Objective 2.2: Meet contractor expectations to reliably fill employee requests.

Key Highlights

- Established a three-month rolling workforce forecast from contractors on all projects.
- Refined BCIB's supply and demand modelling to forecast the availability of skilled trades across the province.
- Developed relationships with community groups and employment services to recruit ahead of anticipated contractor demand.
- Worked with the AIRCC Affiliated Unions to collect workforce availability and fill contractor employee requests accurately and in a timely manner.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[2.2] Percentage of employee requests filled through standard dispatch process.	90%	90%	99%	90%	90%

Data source: BCIB

Discussion of Results

An objective of the CBA is to ensure construction of CBA projects proceeds safely, efficiently, economically, and without interruption¹⁶.

At the beginning of each month, contractors are required to submit non-binding rolling three-month skilled workforce forecasts to BCIB to assist with skilled workforce planning. BCIB discusses these forecasts with the contractor, the AIRCC and the government project owner to consider anticipated future skilled workforce needs and projected timing.

These forecasts and modelling enabled BCIB to exceed its target for filling employee requests and supply a skilled workforce that met contractor expectations. Contractors provide detailed descriptions of the qualifications, certifications and experience of the workers they need. BCIB matches those contractor expectations by matching workers from its database and from the union lists to the request.

Objective 2.3: Engage with community groups, industry, and labour associations to support skilled workforce recruitment and CBA awareness.

Key Highlights

- Built relationships, through integration with government partners, with employment support organizations, community groups, the Industry Training Authority and accredited training organizations, and the Ministry of Advanced Education and Skills Training.
- Participated in and hosted CBA Info Sessions to create awareness of CBA opportunities for the contractor and subcontractor community through industry, economic development associations and local businesses.
- Engaged all Vancouver Island and Lower Mainland WorkBC offices to support workforce recruitment and outreach.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[2.3] Completion of outreach engagements.	100	50	274	50	50

Data source: BCIB

¹⁶ CBA Article 1.100(e).

Discussion of Results

Objectives of the CBA include maximizing access to CBA projects to all available and experienced workers¹⁷ and ensuring individuals, communities and businesses have full and fair opportunity to participate in the benefits of CBA projects¹⁸. To meet these objectives, in addition to entering into the partnering agreements measured in performance measure 1.1, BCIB also conducts targeted outreach to help BCIB recruit, mobilize a skilled workforce and create awareness of the CBA within the construction industry.

Working with businesses and training and support services close to CBA projects is key to creating awareness of the CBA and driving recruitment. This metric was created to track efforts to develop familiarity with the CBA. With the addition of new CBA projects, BCIB's ongoing engagement did not subside in 2021/22, instead was increased to develop new relationships, collaboration and dialogue with stakeholders close to projects to continue to drive recruitment.

Objective 2.4: Work jointly with proponents and project teams during procurement to facilitate the execution of BCIB's Contractor and Subcontractor Agreements.

Key Highlights

- Continued to work collaboratively with Transportation Investment Corporation (TI Corp) and government project owners to support government's collective objectives for CBA projects.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[2.4] Execution of BCIB Contractor and Subcontractor Agreements on CBA Projects.	17	65	41	To be reported annually	To be reported annually

Data source: BCIB

Discussion of Results

While there is just one overarching BCIB-Contractor Agreement per project, each project has multiple BCIB-Subcontractor Agreements. The total number of BCIB-Subcontractor Agreements depends on how the main contractor allocates its obligation under the project agreement. Some contractors will use fewer subcontractors than others depending on their project plan. BCIB employs the CBA employees on both contractor and subcontractor crews.

The number of agreements per year is dependent on projects selected for CBA, the number of subcontractors used and when subcontractors start work based on the construction schedule of each project. BCIB's target of 65 signed agreements was based on estimates for the projects that

¹⁷ CBA Article 1.100(b).

¹⁸ CBA Article 1.100(d).

had been announced at the time. The actual number of BCIB Subcontractor Agreements is dependant on the workplan of each individual project contractor and varies from project to project.

Fewer subcontractors were required by prime contractors during 2021/22 than had been expected. BCIB provided each of these subcontractors with an introduction to the CBA, resources, and support so they could sign their agreement, start work and help advance the project.

Goal 3: Achieve cost effective delivery of the CBA objectives through strategic partnerships and sound business management.

Objective 3.1: Continue to practise sound corporate financial management by focusing on operational, corporate, and administrative cost efficiencies.

Key Highlights

- BCIB partnered with the City of Surrey and the City of Vancouver to promote recruitment on CBA projects in the Lower Mainland, and to share learnings from its Respectful Onsite Initiative.
- Built relationships with six training institutions, including Thompson Rivers University, Okanagan College, and Camosun College.
- Developed a partnership with the Construction Labour Relations Association of BC to support contractor and union-facing processes.
- Continued to work to identify and implement operational efficiencies and control administrative expenses to keep costs as low as possible.
- Met regularly and worked with government project owners to ensure that BCIB's corporate and project-specific costs, recovered from government project owners through service fees, meet shared expectations.

Performance Measure(s)	2020/21 Actual	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
[3.1] Cumulative number of service agreements entered into with external partners.	4 total	10 total	10 total	TBD	TBD

Data source: BCIB

Discussion of Results

BCIB partners with government, communities, industry and government-sponsored service organizations to deliver CBA objectives. These partnerships help BCIB efficiently achieve its mandate and budget targets.

BCIB partnered with organizations including the Construction Foundation of BC, WorkBC, and Mosaic to help recruit, engage with networks of skilled tradespeople, and act as referral agencies for BCIB applicants who require training or support to grow their careers.

These supports leverage existing programs and government services to remove barriers to access for underrepresented workers and grow the skilled trades workforce. Using existing programs prevents the duplication of services and directs applicants to efficient channels for training and support.

The BCIB applicants who are referred for training or support to grow their careers become available for employment in the industry in general, not BCIB specifically. This contributes to more underrepresented skilled workers pursuing economic success.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These can also be found on the [BCIB website](#).

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 seven active projects and one completed project. The unfavourable revenue variance is primarily due to shifting project ramp up timelines.

The Service Fee of \$11.5 million was 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 \$59.8 million due to shifting project ramp up timelines, there were further expense reductions of \$2.9 million for operating costs.

Financial Summary

(\$ millions)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Contracted Services	7.4	116.9	57.1	(59.8)
Service Fee	10.0	14.4	11.5	(2.9)
Other	0.0	0.0	0.0	0.0
Total Revenue	17.4	131.3	68.6	(62.7)
Expenses				
Project Skilled Workforce	7.4	116.9	57.1	(59.8)
Outreach & Recruitment	0.9	2.5	1.8	(0.7)
Workforce Operations	3.4	2.5	1.9	(0.6)
Finance & Corporate Services	5.7	9.4	7.8	(1.6)
Total Expenses	17.4	131.3	68.6	(62.7)
Net Income	0.0	0.0	0.0	0.0
Total Liabilities	18.4	13.4	32.2	18.8
Capital Expenditures	1.5	1.7	0.6	(1.1)
Accumulated Surplus	0.0	0.0	0.0	0.0

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Variance and Trend Analysis

The increase in Contracted Services revenue, Project Workforce costs and Workforce Operations costs in 2021/22 compared to 2020/21 reflects the growing number of CBA projects under construction, greater workforce numbers and the required support for those employees. By the end of 2021/22 BCIB employees were working on seven active CBA projects.

The unfavourable Contracted Services revenue variance to budget of \$59.8 million is primarily due to shifting project ramp up timelines. BCIB streamlined its processes to achieve expense reductions of \$2.9 million for operating costs, which reduced the amounts recovered from project owners for corporate costs.

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

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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Appendix B: Auditor's Report and Audited Financial Statements

FINANCIAL STATEMENTS OF

BC INFRASTRUCTURE BENEFITS INC

YEAR ENDED MARCH 31, 2022

May 5th, 2022

Statement of Management's Responsibility
Year ended March 31, 2022

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, 2022;
- ♦ 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, 2022, 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.

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.

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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.

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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 5, 2022

Vancouver

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BC Infrastructure Benefits Inc.

Statement of Financial Position

As at March 31, 2022

(in \$000's)

	Notes	31-Mar-22	31-Mar-21
Financial assets			
Cash and cash equivalents		\$ 11,967	\$ 6,403
Accounts receivable	3	10,032	686
Due from government & other government organizations	4	8,189	9,530
		<u>30,188</u>	<u>16,619</u>
Liabilities			
Debt	5	24,010	16,000
Accounts payable & accrued liabilities	6	7,321	2,031
Due to government & other government organizations	7	861	342
Deferred capital contributions	8	36	56
		<u>32,228</u>	<u>18,429</u>
Net debt		<u>(2,040)</u>	<u>(1,810)</u>
Non-financial assets			
Tangible capital assets	9	1,871	1,634
Prepaid expenses	10	169	176
		<u>2,040</u>	<u>1,810</u>
Accumulated surplus (deficit)		<u>\$ -</u>	<u>\$ -</u>

Approved on behalf of the Board of Directors on May 5th, 2022

David Miller, Chair



Cynthia Morton, 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, 2022

(in \$000's)

	Note	Budget	31-Mar-22	31-Mar-21
Revenues		(Note 12)		
Contracted services		\$ 116,891	\$ 57,094	\$ 7,361
Service fees		14,338	11,452	9,985
Interest revenue		28	46	32
Other revenue		32	31	33
		<u>131,289</u>	<u>68,623</u>	<u>17,411</u>
Expenses	11			
Project workforce		116,891	57,094	7,361
Outreach and engagement		2,481	1,796	929
Operations		2,480	1,958	3,432
Finance and corporate services		9,437	7,775	5,689
		<u>131,289</u>	<u>68,623</u>	<u>17,411</u>
Annual operating surplus (deficit)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated surplus (deficit) at beginning of year		-	-	-
Accumulated surplus (deficit) at end of year		<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, 2022

(In \$000's)

	Budget	31-Mar-22	31-Mar-21
	(Note 12)		
Surplus (deficit)	\$ -	\$ -	\$ -
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets	(1,700)	(630)	(1,416)
Amortization of tangible capital assets	720	393	179
	(980)	(237)	(1,237)
Effect of change in prepaid expense			
Acquisition of prepaid expense	(1,100)	(1,147)	(1,019)
Use of prepaid expense	1,000	1,154	1,018
	(100)	7	(1)
Increase in net debt	\$ (1,080)	\$ (230)	\$ (1,238)
Net debt at beginning of year	(1,800)	(1,810)	(572)
Net debt at end of year	\$ (2,880)	\$ (2,040)	\$ (1,810)

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, 2022

(In \$000's)

	31-Mar-22	31-Mar-21
Operating transactions		
Surplus (deficit)	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	393	179
Loss on disposal of tangible capital assets	-	35
Amortization of discount on debt	16	41
Amortization of foreign exchange gain	-	(9)
Discount on debt	(14)	(17)
Unamortized foreign exchange loss (gain) on debt	(1)	10
Decrease in deferred capital contribution	(20)	(21)
Changes in operating working capital:		
Increase in accounts receivable	(9,346)	(680)
Decrease (increase) in due from government and other government organizations	1,341	(1,558)
Decrease (increase) in prepaid expenses	7	(1)
Increase in accounts payable and accrued liabilities	5,290	1,089
Increase in due to government and other government organizations	519	91
Cash applied to operating transactions	<u>(1,815)</u>	<u>(841)</u>
Capital transaction		
Cash used in acquisition of tangible capital assets	(630)	(1,451)
Cash applied to capital transaction	<u>(630)</u>	<u>(1,451)</u>
Financing transactions		
Debt issues	49,974	49,000
Debt repayment	(41,965)	(44,098)
Cash provided by financing transactions	<u>8,009</u>	<u>4,902</u>
Increase in cash	5,564	2,610
Cash at beginning of year	6,403	3,793
Cash at end of year	<u>\$ 11,967</u>	<u>\$ 6,403</u>
Supplemental disclosure of cash flow information:		
Interest Paid	8	73

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

1. NATURE OF OPERATIONS

BC Infrastructure Benefits Inc., (“BCIB” or “the Corporation”) is a provincial Crown corporation incorporated under B.C.’s *Business Corporations Act* on July 16, 2018, and directly accountable to the Minister of Finance. As a provincial Crown agency, BCIB is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

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) *Revenue Recognition*

BCIB revenues include contracted services revenue, service fees and other miscellaneous revenues. Contracted services revenue represents the aggregate payroll costs billed to the Contractors for the provision of skilled employees working on CBA projects. Service fees revenue represents revenue from the project Owners pursuant to the Employee Supply Agreement (“ESA”). PS 3400 establishes standards for the accounting for revenue arising from exchange transactions. BCIB performs work and incurs costs ahead of the construction start on projects and during the construction phase to achieve the objectives of the CBA and to satisfy its obligation to project Owners. As BCIB performs this work, it recognizes revenue from project Owners to offset its costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) *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.

d) *Expense Recognition*

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

e) *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.

Smaller value tangible capital assets which are identical, similar or related are grouped together as an asset pool and accounted for as a single asset for amortization purposes. Assets that meet these criteria and that are 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.

Amortization begins when the asset is brought into productive use. The cost of the tangible capital asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

At the end of each reporting period, BCIB 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 BCIB's ability to provide services and the reduction in future economic benefits is expected to be permanent.

f) Prepaid Expenses

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

g) 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. Defined contribution plan accounting is applied as sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable (Note 14).

h) Financial Instruments

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

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

	Category	Measurement
Cash and cash equivalents	Fair value	Fair value
Accounts receivable	Other financial assets	Amortized cost
Accounts payable & accrued liabilities	Other financial liability	Amortized cost
Debt	Other financial liability	Amortized cost
Due to/from government & other government organizations	Other financial liability/assets	Amortized cost

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) *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 are based on the best information available at the time of preparation of the financial statements based on historical experience and other factors and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

(\$000's)	March 31, 2022	March 31, 2021
Trade accounts receivable	\$ 10,029	\$ 686
Other receivables	3	-
	<u>\$ 10,032</u>	<u>\$ 686</u>

4. DUE FROM GOVERNMENT & OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2022	March 31, 2021
BC Transportation Financing Authority	\$ 7,165	\$ 8,972
Island Health	1,000	525
Canada Revenue Agency	24	32
Transportation Investment Corporation	-	1
	<u>\$ 8,189</u>	<u>\$ 9,530</u>

Receivables from BC Transportation Financing Authority ("BCTFA") represents management service fees charged for the provision of workforce services and additional owner costs as per the amended ESA. Receivables from Island Health represents services provided to Island Health. Receivables from Canada Revenue Agency ("CRA") are from GST paid by BCIB.

5. DEBT

The Minister of Finance is the fiscal agent of BCIB. All debt is acquired through the provincial government's fiscal agency loan program and is either held or guaranteed by the Province. BCIB funds part of its operations with short-term debt. Debt typically matures within 3 to 6 months. BCIB is authorized to acquire up to \$100 million of short-term debt. At March 31, 2022, the Corporation had two short-term debts totaling \$24 million (2021 - \$16 million), with a weighted average annual interest rate of 0.13% (2021 - 0.08%). The \$13 million debt matures on April 6, 2022 and the \$11 million debt matures on April 14, 2022.

6. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

(\$000's)	March 31, 2022	March 31, 2021
Accrued liabilities	\$ 6,321	\$ 1,688
Accounts payable	1,000	343
	<u>\$ 7,321</u>	<u>\$ 2,031</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 & OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2022	March 31, 2021
Canada Revenue Agency	\$ 531	\$ 234
Province of British Columbia	245	44
BC Public Service Agency	85	64
	<u>\$ 861</u>	<u>\$ 342</u>

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

8. DEFERRED CAPITAL CONTRIBUTIONS

(\$000's)	March 31, 2022	March 31, 2021
Deferred capital contributions, beginning of year	\$ 56	\$ 77
Amount recognized as revenue in the year	(20)	(21)
Deferred capital contributions, end of year	<u>\$ 36</u>	<u>\$ 56</u>

Deferred capital contributions represent funding from Ministry of Transportation and Infrastructure ("TRAN"), recognized as government transfer revenue over the expected useful life of the related tangible capital assets.

9. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The costs and accumulated amortization for BCIB's tangible capital assets at March 31, 2022 are as follows (\$000's):

Cost	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work- In-Progress	Total
Balance at March 31, 2021	\$ 125	\$ 98	\$ 1,414	\$ 31	\$ 197	\$ 1,865
Additions	42	-	164	45	379	630
Transfers	-	76	363	-	(439)	-
Balance at March 31, 2022	167	174	1,941	76	137	2,495
Accumulated Amortization						
Balance at March 31, 2021	40	34	155	2	-	231
Amortization	25	27	336	5	-	393
Balance at March 31, 2022	65	61	491	7	-	624
Net book value at March 31, 2022	\$ 102	\$ 113	\$ 1,450	\$ 69	\$ 137	\$ 1,871

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

Cost	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work- In-Progress	Total
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
Accumulated Amortization						
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
Net book value at March 31, 2021	\$ 85	\$ 64	\$ 1,259	\$ 29	\$ 197	\$ 1,634

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

10. PREPAID EXPENSES

(\$000's)	March 31, 2022	March 31, 2021
Computer software license	\$ 87	\$ 95
Office lease	66	66
Insurance	16	15
	<u>\$ 169</u>	<u>\$ 176</u>

11. EXPENSE BY OBJECT

(\$000's)	March 31, 2022	March 31, 2021
Amortization	\$ 393	\$ 179
Financing	25	37
Information technology	594	544
Lease	790	687
Office & other	373	358
Payroll system	507	543
Professional services	1,662	1,676
Salaries & benefits	63,840	13,210
Training & offsite costs	308	99
Travel	131	78
	<u>\$ 68,623</u>	<u>\$ 17,411</u>

12. BUDGETED FIGURES

The Fiscal 2022 budget is reflected in the Statement of Operations and the Statement of Changes in Net Debt. Budget data presented in these financial statements is based upon the Fiscal 2022 budget approved by the Board on March 11, 2021.

13. 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 ("ESA") on May 23, 2019. BCIB receives management services fees for the provision of workforce services to select major infrastructure projects. For fiscal 2022, BCIB recognized management services fees \$10.45 million (2021 - \$9.49 million).

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Pursuant to the Amending Agreement #1 to the ESA dated March 29, 2022, BCIB billed BCTFA \$0.41 million for additional owner costs which include wages and Road Building Addenda cost differentials.

BCIB and Vancouver Island Health Authority (Island Health) entered into an agreement in fiscal 2022 for project-related assistance and services amounting to \$1 million (2021 - \$0.5 million).

14. 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, 2022, the Corporation has approximately 64 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 2022, the employees of BCIB contributed \$419,618 (2021 – \$359,302) to the Plan and the Corporation paid \$494,997 (2021 – \$423,848) in employer contributions to the Plan.

15. CONTRACTUAL OBLIGATIONS

(\$000's)	Operating Lease
Fiscal 2023	\$ 839
Fiscal 2024	885
Fiscal 2025	885
	<u>\$ 2,609</u>

Majority of BCIB’s operating leases include 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.

16. 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, 2022 is as follows:

(\$000's)	March 31, 2022	March 31, 2021
Accounts receivable	\$ 10,032	\$ 686
Due from government & other government organizations	8,189	9,530
	<u>\$ 18,221</u>	<u>\$ 10,216</u>

BCIB's exposure to credit risk is related to amounts owing from other provincial agencies, the federal government and the value of accounts receivable in its normal course of business from Contractors. The risk is mitigated as the Contractors are bound by terms of payment and default clauses in project agreements which increases the likelihood 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 of the short-term nature of the debt and its ability to borrow through the Ministry of Finance. A one percentage short-term interest rate change could result in approximately a \$0.2 million 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 mitigates foreign exchange risk by locking in an exchange swap rate that fixes the final foreign currency gains/losses. At March 31, 2022, BCIB did not have any foreign denominated debt.

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 million on a short-term basis. BCIB regularly monitors its cash flows and if necessary, BCIB 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 2022, nor has it cast any doubt on the Corporation's ability to continue as a going concern, especially since most COVID-19 restrictions have been lifted.