

BC Infrastructure Benefits

2022/23 Annual Service Plan Report

August 2023



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Published by BC Infrastructure Benefits

Board Chair's Accountability Statement



BC Infrastructure Benefits (BCIB)'s 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 – 2024/25 Service Plan published in 2022. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

David Miller
Board Chair, BC Infrastructure Benefits
August 16, 2023

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Letter from the Board Chair

This past year BCIB continued to build opportunity for British Columbians on some of the largest infrastructure projects in our province. We achieved a milestone by employing our 1900th skilled trades worker last year, ensuring career-building opportunities go to locals, Indigenous workers, and equity-seeking people first. This helps create benefits for workers, their families, communities, and helps develop the skills to build the workforce of the future.

BCIB is one of British Columbia's largest construction employers with employees working on eight active projects. We partner with construction trades unions through the province-wide Community Benefits Agreement and are proud of our workforce and the change we're helping create in the industry.

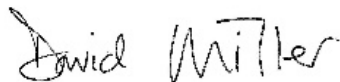
- 91% of BCIB's workers were residents of British Columbia. 75% of our workers were local (living within 100km of the jobsite).
- 9% of BCIB workers were women, double the provincial industry average of 4.5%.
- 15% of BCIB workers were Indigenous, more than double the provincial industry average of 5%.

This investment in equity and a diverse workforce is an important tool to deliver government's priorities, including lasting and meaningful reconciliation. The Respectful Onsite Initiative is used to train every BCIB worker. This initiative teaches workers the history of Indigenous peoples in Canada, and the impact of the Indian Act. This training, along with BCIB's Priority Hiring for Indigenous people, is an important step on the path to reconciliation.

BCIB has heard from underrepresented Employees how inclusivity and diversity are important to them, but have rarely been experienced on other work sites. BCIB is working to change culture and make construction workplaces a more welcoming and safer place for women, Indigenous people and others.

Last year, BCIB's Respectful Onsite Initiative training delivery was expanded to the new Cowichan Hospital Project with the participation of Quw'utsun Knowledge Sharers (Cowichan Tribes) who situate the training in the culture, protocols, and history of the territory. This is BCIB's first vertical building project, and the first in the province to be delivered under a new model of procurement and delivery, the Alliance model.

By collaborating with unions, contractors, and community groups, BCIB has consistently supplied workers to projects. This has created certainty around workforce supply, and confidence in BCIB as a partner, maximizing the economic and social benefits for the British Columbians who build public infrastructure projects.



David Miller

Board Chair, BC Infrastructure Benefits

August 16, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed 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, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

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 [BC Infrastructure Benefits \(BCIB\) 2022/23 – 2024/25 Service Plan](#) and the actual results reported on in this annual report.

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, through the Community Benefits Agreement (CBA), supports government's priorities as a progressive construction employer on select public infrastructure projects. The CBA is a collective labour agreement with objectives to grow and diversify the skilled trades. BCIB creates career opportunities for underrepresented workers, locals, apprentices, and works to change the culture on construction job sites to help ensure our Province can meet labour market needs today and into the future.

BCIB's mandate includes contributing to reconciliation and supporting the Declaration on the Rights of Indigenous Peoples Act Action Plan. BCIB helps provide well-paying careers for Indigenous tradespeople, and positively impacts onsite culture through its Respectful Onsite Initiative, which includes History Matters, an Indigenous Cultural Competency program. BCIB collaborates with local Indigenous communities to include local Indigenous knowledge in the Respectful Onsite Initiative.

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 helps grow the next generation of construction workers needed in this Province. By working with the 19 Affiliated Unions, contractors, and project owners, BCIB helps maximize apprenticeship openings on major public infrastructure projects. BCIB provides those starting out their careers in the skilled trades with career paths and job opportunities. It also helps refer work applicants to training and upskilling programs so they can be job ready. This helps connect the next generation of skilled trades workers with the services they need to start work in the construction industry.

Jobsite culture is one of the leading reasons women and Indigenous people leave construction. To recruit and better retain underrepresented workers, BCIB provides training to support contractors to foster jobsites that are inclusive and respectful of cultural differences. BCIB developed the Respectful Onsite Initiative, a suite of training programs including History Matters and Justice, Equity, Diversity and Inclusion (JEDI) training as well as anti-racism and anti-discrimination policies to promote 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.

Operating Environment

The demand for skilled trades workers across the construction industry has created pressures for companies and projects. As more workers retire and as new and existing projects ramp up, the need for skilled labour in British Columbia has been growing. BCIB uses strategies in the CBA to diversify and grow the construction labour pool in communities across the province to support the development of the industry's future workforce.

BCIB understands that construction is a rapidly evolving environment and workforce requirements change quickly. Project construction schedules and trades requirements drove and will continue to drive BCIB's operations and recruitment.

BC's Declaration Action Plan calls for training to build understanding about the history of Indigenous peoples, Indigenous-specific racism and reconciliation, as well as steps to build recruitment and retention of Indigenous peoples in the public sector. The Community Benefits Agreement helps deliver on these calls to action, supporting reconciliation.

Over the last year, BCIB received interest in its Respectful Onsite Initiative from contractors not on CBA projects and from organizations outside the construction industry. This demonstrates how more organizations recognize the importance of reconciliation and are encouraging safe and respectful workplaces. BCIB identified the need to offer its training to a wider audience and assigned resources to focus on developing a fee-for-service offering to roll out the program on a broader scale.

The majority of BCIB's projects have been transportation infrastructure projects, but last year crews broke ground on BCIB's first major vertical infrastructure project, The Cowichan District Hospital Replacement Project. The Cowichan Hospital Project is being built under an Alliance project delivery model between the Vancouver Island Health Authority, the prime contractor and BCIB. BCIB is a member of the Alliance and collaborates with the contractor and government project owner on project management, vision and values.

The opportunities on the Cowichan Hospital Project required BCIB to work proactively with new skilled trades, such as Bricklayers, Pipefitters, Glaziers and Painters and plan for new apprenticeship and trainee opportunities. BCIB also expanded its outreach, engagement, and recruitment to new communities and training partners on Vancouver Island.

This work over the last year on Vancouver Island and across the province has helped BCIB deliver its mandate. By connecting locals to good family supporting careers, and helping create safe and respectful jobsites, BCIB helped grow and diversify the skilled trades in more regions across British Columbia.

Report on Performance: Goals, Objectives, and Results

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.

Women, Indigenous peoples, 2SLGBTQ+ workers and other equity-seeking groups are underrepresented in the skilled trades. BCIB targets underrepresented workers for career opportunities in construction to help introduce new, diverse workers to the industry and grow the total skilled trades workforce in the province.

Key results

- 30% of the hours worked by BCIB Employees were worked by Indigenous people or by members of a traditionally underrepresented group.
- 15% of BCIB Employees identified as Indigenous, more than double the BC industry average of 5%.
- 9% of BCIB Employees were women, double the BC industry average of 4.5%.

Summary of progress made in 2022/23

BCIB, in partnership with contractors and the Affiliated Unions of the Allied Infrastructure and Related Construction Council (AIRCC), continued to exceed its targets and industry averages for employing Indigenous and traditionally underrepresented workers, helping diversify and grow BC's skilled construction trades workforce.

The BC average for women in the skilled trades in this province has fallen to just 4.5 percent, meanwhile women made up 9 percent of the BCIB workforce and worked 10 percent of the hours. Across CBA projects, 15 percent of BCIB's workforce has been Indigenous, more than double the industry average of 5 percent. BCIB invests in outreach and recruitment and the results show its efforts.

BCIB uses Priority Hiring to provide career opportunities, apprenticeships, and trainee positions on a priority basis to Indigenous peoples, women, locals, and others traditionally underrepresented in construction¹. This process is continuous through the construction schedule and across all trades on

¹ CBA Article 9.202 and CBA objectives Article 1.100 (k) and (n).

a project and qualified, underrepresented workers are among the first hired. This helps to grow and diversify the kinds of workers employed on CBA job sites.

BCIB works with local First Nations and urban Indigenous Skills & Employment Training Societies (ISETS) to explain Priority Hiring and how their members can benefit from career and apprenticeship opportunities on CBA projects. By establishing partnerships with community organizations and Indigenous training agencies such as ACCESS and the British Columbia Aboriginal Training Employment Alliance Members (BCATEAM), BCIB is able to provide equitable access to pathways to career opportunities on CBA projects.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1 Percentage of total project hours worked by Indigenous peoples and equity groups ^{1,2}	28%	16%	30%

Data source: BCIB payroll data

¹PM 1.1 targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 16% and 16%, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

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

Indigenous skilled trades workers make up a portion of the workers counted in this performance measure. In total, BCIB has employed 368 Indigenous skilled trades workers since the start of work on projects, or 15 percent of the CBA workforce or 14 percent of the craft hours. Other workers included in this metric are equity groups including those who have self identified as women, persons with disabilities, visible minorities and 2SLGBTQ+.

Proactive outreach and recruitment through partnerships with BC Centre for Women in the Trades, WorkBC, SkillPlan, and SkilledTradesBC, Indigenous communities and organizations supporting women, people with disabilities, and other traditionally underrepresented groups has helped BCIB continually exceed this target.

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

Growing the skilled trades workforce through apprenticeships and trainee opportunities is a priority in the CBA². Training the next generation of workers is critical to growing the workforce in the province.

Key results

- Partnered with SkilledTradesBC (formerly Industry Training Authority) to connect apprenticeship candidates directly to support to complete their training and journey person certification.

² CBA Article 1.100 (j), (k) and (m).

- Established partnerships with skills training institutes to connect apprentices directly to employment on CBA projects.
- Ensured the ratio of apprentices to journeypersons allowed for a safe and productive learning environment.
- Implemented leading practices for safety training and apprenticeship and trainee supports through partnership with the AIRCC and other industry and educational leaders.
- Provided contractors and project owners with ongoing analysis of labour supply to support project planning recruitment for CBA projects³.

Summary of progress made in 2022/23

BCIB continued to provide apprentices and trainees with access to a network of projects to begin or continue their journey to certification. Partnership with SkilledTradesBC and SkillPlan⁴ helped connect apprentices and trainees with education and training supports. Job applicants to BCIB who were not job ready were connected with upskilling and training programs provided by contractors, the Affiliated Unions and training institutions.

BCIB and SkilledTradesBC also partnered to provide the "Trades for Underrepresented" program. The initiative provides services and supports, trades exploration, entry-level training, industry recognized certification training, mentorship, job coaching and employment placement services for traditionally underrepresented workers in construction.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.2a Percentage of total project hours worked by trainees. ¹	5%	10%	8%
1.2b Overall ratio of apprenticeship hours to journeyperson hours. ²	20% ³	10-25%	17%

Data source: BCIB payroll data

¹PM 1.2a and 1.2b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 10% and 10%-25%, respectively. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²PM 1.2a was revised in the 2022/23 Service Plan to measure trainee hours only. Previously it had tracked hours worked by both apprentices and trainees.

³PM 1.2b was introduced in the 2022/23 Service Plan to measure the overall ratio of apprenticeship hours to journeyperson hours.

BCIB’s projects in 2022/23 were primarily road building projects, which employ more non-regulated trades (e.g., Operating Engineers, Teamsters). These trades have trainee programs to help workers achieve qualification, rather than formal Red Seal Apprenticeship programs.

Regulated trades (e.g., Carpenters, Electricians) have apprenticeship programs. As projects like the Cowichan District Hospital Replacement Project ramp up, BCIB expects contractors to require more apprentices on their crews.

³ This work supports CBA objectives 1.100 (c) and (j).

⁴ CBA Article 13.205.

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

A jobsite culture that values safety and respect helps attract and retain workers in the construction industry. BCIB recognizes a workplace free of discrimination and harassment is needed to meet the expectations of workers, especially those who experience racism and discrimination⁵. To help improve jobsite culture, the CBA requires that training be delivered to all workers on site⁶.

Key results

- Delivered the Respectful Onsite Initiative to help create a respectful jobsite for all workers, improve retention, and support the implementation of the CBA objectives.
- Worked with Indigenous Elders and Knowledge Sharers to deliver BCIB's Respectful Onsite Initiative in respect of local customs and traditions.
- Introduced Indigenous methods of resolving conflict on the jobsite, such as Reconciling Bias ceremonies in place of "zero tolerance" firings.
- Provided mental health and addiction supports, and trained BCIB Site Representatives how to use Naloxone kits to prevent an opioid overdose.
- All BCIB Employees sign the Workforce Discrimination and Harassment Policy. Through its Site Representatives and the Respectful Onsite Initiative team, BCIB actively works to prevent and address any instances of bullying and harassment on the jobsite.

Summary of progress made in 2022/23

BCIB has developed its Respectful Onsite Initiative training suite to support the development of a safe and respectful jobsite culture. Programs include History Matters (Indigenous Cultural Competency Training) and Justice, Equity, Diversity and Inclusion (JEDI) training as well as anti-racism and anti-discrimination policies. The Respectful Onsite Initiative prioritizes the needs of equity groups and Indigenous peoples and incorporates learnings and teachings from local Indigenous Knowledge Sharers. With the support and participation of government project owners and contractors, all Employees under the CBA participate in this training.

BCIB continued to hear positive feedback from Employees and contractors working on CBA projects. This included comments from workers that praised the knowledge and truths shared as part of the Respectful Onsite Initiative, and its contribution to a safe and respectful jobsite culture.

⁵ CBA Article 1.100 (g), (h), (i) and (l).

⁶ CBA Article 9.205.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.3 Percentage of employees who completed the Respectful Onsite Initiative program. ¹	57%	100%	73%

Data source: BCIB Employee data

¹PM 1.3 targets for 2023/24 and 2024/25 were both stated in the 2022/23 service plan as 100%. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

BCIB aims to provide Respectful Onsite Initiative training to all its Employees and all workers on CBA projects. Accommodating project construction schedules limited the ability to deliver in-person Respectful Onsite Initiative training to groups on some sites.

In some cases, the construction schedule was constrained and the contractor could not release Employees for this training.

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

An objective of the CBA is to ensure locals have full and fair opportunities to participate⁷ in the infrastructure projects being built in their communities. Locals receive priority opportunities to work and build their careers on CBA projects. This increases local skills capacity and supports economic stability for local families. Locals are a priority so they can remain close to home where they are able to invest in their community and be with their families.

Key results

- Local residents were 75% of the BCIB Employees and worked 76% of the hours on CBA projects.
- 91% of BCIB Employees are BC residents.

Summary of progress made in 2022/23

The vast majority of BCIB Employees are local to the project where they’re working. This happens through local recruitment plans BCIB has developed for each CBA project. BCIB worked with municipalities and communities to help identify and attract local residents. Partnerships with local employment service agencies, such as WorkBC, MOSAIC and Progressive Intercultural Community Services Society (PICS) helped identify qualified local candidates.

Presentations to regional industry associations and community chambers of commerce helped create awareness of BCIB’s activities and attracted a diverse, skilled workforce.

Targeted social media postings also helped raise local awareness of CBA work opportunities and drive recruitment.

⁷ CBA Article 1.100 (d) and (k).

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.4 Percentage of total project hours worked by local hires. ¹	69%	35-50%	76%

Data source: BCIB payroll data

¹PM 1.4 targets for 2023/24 and 2024/25 were both stated in the 2022/23 service plan as 35-50%. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

A local resident is generally defined as someone living within 100km of the project. BCIB has consistently exceeded this target through its targeted recruitment and local community partnerships.

The target for this performance measure has been updated for future years.

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

A key part of BCIB’s mandate is to connect work applicants with training and upskilling so they can be job ready. This helps connect the next generation of skilled trades workers with the services they need to start work in the construction industry.

Key results

- 98% of the applicants to BCIB were notified of the outcome of their skills review within 45 days.

Summary of progress made in 2022/23

BCIB improved its applicant referral system to streamline how job seekers’ qualifications are reviewed. BCIB works with the 19 Affiliated Unions and other partners, such as SkilledTradesBC, to manage the intake of applicants and review qualifications. By using customer relationship management software, the BCIB Workforce Planning and Placement team was able to provide applicants with better clarity on their application status and improve the effectiveness of the referral process.

When the assessment concludes an applicant is not yet qualified for deployment, BCIB refers the individual to an appropriate government program or service agency for further training.

It is important that applicants receive notification of the outcome of their skills review and referral in a timely way so they can be connected to skills training programs ahead of the demand on upcoming construction projects.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.5 Percentage of applicants notified of the outcome of their skills review within a 45-day period. ¹	100%	100%	98%

Data source: BCIB Employee data

¹PM 1.5 targets for 2023/24 and 2024/25 were both stated in the 2022/23 service plan as 100%. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

BCIB measures the percentage of applicants to receive notification of the review of their qualifications within 45 days. Applicant qualifications are reviewed and verified by the Affiliated Unions and the results of this review are communicated to BCIB. Candidates are notified by BCIB of the outcome within 45 days. Those qualified applicants are then placed on the dispatch list for CBA projects and connected with the Affiliated Union for potential work.

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 SkilledTradesBC.

When an applicant does not have the required skills for deployment to a project, BCIB refers them to one of its employment or training partners. Which partner an applicant is referred to depends on their gender, socio-economic status, location, and job readiness. These workers are encouraged to reapply with BCIB or elsewhere in the industry, once their necessary training is complete, to help address skilled trades shortages.

BCIB’s database increased by 33 percent last year. As more projects came online, the number of people applying has increased and BCIB endeavours to meet the turnaround times.

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.

BCIB continued to engage with stakeholders and partners to create familiarity and awareness around the CBA. BCIB engagement, partnerships and collaboration with contractors, unions, communities, and government project owners helps to make CBA projects successful.

Key results

- Continuing interest in CBA projects drove higher than expected demand for meetings and CBA info sessions with contractors and industry groups.
- BCIB CBA info sessions have demonstrated consistent processes, procedures, and reliable workforce supply to the contractor community.

- Every CBA project in procurement received multiple bids from proponents.

Summary of progress made in 2022/23

BCIB’s engagement and dialogue with the contractor community supports one of the key objectives in the CBA, which is to allow any contractor in the construction industry to bid on and perform work on CBA projects. Across projects, nearly 60% of contractors are not affiliated with AIRCC Affiliated Unions. Open shop, non-unionized or contractors associated with alternative unions make up the majority of companies building CBA projects. Industry participation in CBA projects is widespread and not just limited to unionized companies.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1 Number of contractors engaged with through industry engagement and collaborative meetings on CBA projects. ¹	174	85	137

Data source: BCIB data

¹PM 2.1 target for 2023/24 was stated in the 2022/23 service plan as 85 contractor engagements. The target for future years is based on project schedule. The latest service plan is available on the [BC Budget website](#).

BCIB hosts CBA info sessions with contractor associations and with individual companies. These meetings take place within the context of project procurements, and also during the construction phase with subcontractors bidding scopes of work to prime contractors.

While the actual engagement was less than last year, BCIB had several projects and procurements. This speaks to the work its Workforce Planning and Placement, and Stakeholder Relations teams have done to familiarize the construction industry with its work as the employer on CBA projects. It also shows that there is greater understanding of the CBA and its processes.

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

BCIB has established itself as a progressive employer for British Columbia’s construction industry. BCIB continued to refine its collaborative forecasting and supply and demand modelling tools to assess labour availability and risks. Forward-looking assessments of labour supply helped deliver CBA objectives and the skilled workforce required by industry.

Key results

- BCIB employed more than 1900 individual skilled trades workers in 2022/23, making it one of the province’s largest construction employers.
- BCIB filled more than 1800 contractor requests for workers in 2022/23.
- The BCIB labour supply and demand model helped give contractors insight into workforce availability and gave BCIB the ability to recruit ahead of anticipated contractor demand.

- Regular meetings with contractors, government project owners, and the AIRCC Affiliated Unions resulted in collaboration and confidence in workforce supply.

Summary of progress made in 2022/23

BCIB continued to use its workforce forecasting process with contractors to compare its labour supply and demand model against anticipated contractor demand. This helped identify skilled workforce gaps in the near, mid, and long term.

Relationships with community groups and employment services helped to attract workers ahead of schedule, and the partnership with the AIRCC Affiliated Unions helped ensure contractor employee requests were filled accurately and in a timely manner.

This objective demonstrates BCIB’s commitment to working with contractors to supply a skilled workforce. Part of this work is BCIB’s effort to recruit and retain traditionally underrepresented workers by working closely with employment support organizations, community groups and economic development associations. In some cases where there was very short supply, BCIB initiated partnerships with agencies to provide the training that is required to get new workers ready for the job, such as Shotcrete Workers and Construction Craft Workers. Contractors are required to submit rolling, three-month, skilled workforce forecasts to BCIB every month to assist with sourcing and providing the skilled workforce. BCIB discusses these forecasts with the contractor, the AIRCC Affiliated Unions and the government project owner to plan for anticipated future skilled workforce needs and projected timing.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.2 Percentage of employee requests filled through standard dispatch process. ¹	99%	90%	98%

Data source: BCIB deployment data

¹PM 2.2 targets for 2023/24 and 2024/25 were both stated in the 2022/23 service plan as 90%. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

BCIB’s labour supply and demand model, combined with contractor labour forecasts and targeted recruitment enabled BCIB to exceed its target.

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

An objective of the CBA is to grow and diversify the workforce. BCIB cannot achieve its mandate alone, so it continued developing partnerships with a range of partners, communities, and agencies to attract and mobilize workers and successfully implement the CBA.

Key results

- More than 200 info sessions, application workshops, and partnership events with local employment support organizations, community groups, SkilledTradesBC and accredited training organizations, as well as the Ministry of Post Secondary and Future Skills helped drive recruitment for CBA projects.

Summary of progress made in 2022/23

Engagement, collaboration, and education are key to the successful implementation of the CBA. BCIB continued to proactively engage employment support organizations, community groups, industry, and economic development associations as appropriate. This engagement helped drive awareness of the CBA and attracted applicants to create a profile for work on BCIB’s website.

Recruitments are core to BCIB’s business and make it possible to attract and provide a diverse skilled trades workforce to project contractors.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.3 Completion of outreach engagements. ¹	274	50	218

Data source: BCIB data

¹PM 2.3 targets for 2023/24 and 2024/25 were both stated in the 2022/23 service plan as 50. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

BCIB conducted more engagements in 2022/23 than originally anticipated. The addition of vertical infrastructure projects to its portfolio and interest in BCIB’s mandate from employment support organizations drove up the demand for recruitment and info sessions.

The target for this performance measure was recalculated in BCIB’s most recent service plan.

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

Partnership and collaboration with government project owners and project bidders is demonstrated in the agreements between BCIB and a project’s contractor and subcontractors. The number of executed BCIB-Contractor Agreements and BCIB-Subcontractors Agreements signifies a binding relationship between the parties and the shared commitment to implement the CBA objectives.

Key results

- BCIB has agreements in place with 71 contractors and subcontractors. The majority of these companies are not affiliated with the BC Building Trades Unions or the AIRCC Affiliated Unions, indicating broad industry acceptance of the CBA.

Summary of progress made in 2022/23

Objective 1.100 (a) of the Community Benefits Agreement is “to allow any contractor in the construction industry to bid on and perform Project work.” The high number of companies engaged on CBA projects shows industry familiarity and participation on CBA projects. More than half of contractors with signed agreements with BCIB are not affiliated with the 19 Affiliated Unions, which shows companies across the industry are participating on the projects.

BCIB heard from small contractors that appreciated the administrative, human resources, payroll, and recruitment support BCIB provided to all contractors on CBA projects.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.4 Execution of BCIB Contractor and Subcontractor Agreements on CBA Projects. ¹	41	20	23

Data source: BCIB

¹This performance measure was removed in the latest service plan. For more details on forward-looking planning information, please see the latest service plan on the [BC Budget website](#).

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.

This objective has been phased out in future reporting as awareness and familiarity with the CBA and BCIB operations has increased in the contractor community.

In the initial stages of BCIB’s existence BCIB reported this metric because it was important to account for the work and agreements between BCIB and contractors. BCIB has been operational for five years and has established processes with contractors, therefore the need to report on this metric is no longer necessary.

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.

BCIB leverages, benefits from, and contributes to the knowledge and expertise of key partners to achieve CBA objectives. This has helped project construction proceed safely, efficiently, economically and without interruption, a key objective of the CBA.

Key results

- BCIB has entered into service agreements with partners that specialize in providing key employment, training, and labour relations services. Working with these organizations has helped BCIB deliver its mandate without creating those systems or programs itself, helping maximize efficient operations.
- In 2022/23, BCIB entered into agreements with two new organizations that provide employment and training services.
- BCIB partnered with and delivered Respectful Onsite Initiative training to five organizations beyond those working with its Employees on CBA projects.

Summary of progress made in 2022/23

BCIB's partnerships with government, communities, industry, and government-sponsored service organizations delivered CBA objectives. These partnerships helped BCIB efficiently achieve its mandate and budget targets.

New partnerships in 2022/23 included the Progressive Intercultural Community Services Society (PICS) and the Construction Foundation of British Columbia.

BCIB's Workforce Planning and Placement team worked with its partners to participate in job fairs, recruitment information sessions and to provide support for applicants to BCIB's database. BCIB also worked with Okanagan College to facilitate a Construction Craft Worker training program, providing direct job training for an in-demand trade.

BCIB has also received interest in its Respectful Onsite Initiative from organizations not working with its Employees on CBA projects. BCIB facilitated Respectful Onsite Initiative training for Emil Anderson Construction, Infrastructure BC, Transportation Investment Corporation, RCMP E Division, and the City of Vancouver.

Performance measure(s) and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1 Cumulative number of service agreements entered into with external partners. ¹	10	10	17

Data source: BCIB

¹This performance measure was removed in the latest service plan. For more details on forward-looking planning information, please see the latest service plan is available on the [BC Budget website](#).

This objective was refined in BCIB’s most recent service plan to measure BCIB’s efficiency in supplying skilled trades workforce to contractors.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These documents can also be found on BCIB's 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 active projects. The unfavourable revenue variance is primarily due to shifting project ramp up timelines.

The Service Fee of \$14.0 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 Skilled Workforce costs being below budget by \$97.5 million due to shifting project ramp up timelines, there were further expense reductions of \$3.7 million for operating costs.

Financial Summary

(\$000s/\$m)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenues				
Contracted Services	57.1	226.7	129.2	(97.50)
Service Fee	11.5	17.7	14.0	(3.70)
Total Revenue	68.6	244.4	143.2	(101.20)
Expenses				
Project Skilled Workforce	57.1	226.7	129.2	97.50
People Services	1.8	3.6	2.7	0.9
Operations	1.9	4.8	2.9	1.9
Finance & Corporate Services	7.8	9.3	8.4	0.9
Total Expenses	68.6	244.4	143.2	101.2
Annual Surplus (Deficit)	0.0	0.0	0.0	0.0
Total Liabilities	32.2	16.6	25.0	(8.4)
Capital Expenditures	0.6	1.6	0.8	0.8
Accumulated Surplus (Deficit)	0.0	0.0	0.0	0.0

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

Variance and Trend Analysis

The unfavourable Contracted Services revenue variance to budget of \$97.5 million is primarily due to shifting project ramp up timelines. BCIB streamlined its processes to achieve expense reductions of \$3.7 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 2022/23 compared to 2021/22 reflects the growing number of CBA projects under construction, greater workforce numbers and the required support for those employees.

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: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
Putting people first	<ul style="list-style-type: none"> • BCIB is one of the largest construction employers in British Columbia. It works to maximize the community benefits from infrastructure investment by helping create a human legacy from construction projects. • Locals and workers traditionally underrepresented in construction receive Priority Hiring on BCIB’s projects. • 75% of BCIB’s Employees are local to a project. 91% have been BC residents. • Employees receive equal pay for equal work.
Lasting and meaningful reconciliation	<ul style="list-style-type: none"> • BCIB Employees take part in Respectful Onsite Initiative training, which includes History Matters, training on the history of Indigenous peoples in Canada, the Indian Act and its legacy. • Local Elders and Knowledge Sharers help facilitate the History Matters training, ensuring local traditions, customs and history are incorporated. • Indigenous workers are hired by BCIB with the highest priority.
Equity and anti-racism	<ul style="list-style-type: none"> • BCIB Employees take part in JEDI Training (justice, equity, diversity and inclusion), and anti-discrimination and harassment training. These tools are helping change jobsite culture to be safer and more respectful for all workers. • Workers traditionally underrepresented in the skilled construction trades receive Priority Hiring on CBA projects.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>A better future through fighting climate change</p>	<ul style="list-style-type: none"> BCIB has developed plans to include climate literacy training as part of Employee onboarding. Every new Employee will receive the training.
<p>Strong, sustainable economy</p>	<ul style="list-style-type: none"> BCIB is growing and diversifying the skilled trades workforce to help make sure tomorrow’s workers are ready to build our province’s critical infrastructure. The skilled trades shortage is impacting companies across the construction industry. Ensuring new workers choose construction and stay in construction helps grow the workforce and our province’s economy.
<p>Continue to mobilize and grow a diverse, safe and skilled workforce through outreach to local communities, Indigenous communities and under-represented groups.</p> <p>Ensure the development and tracking of apprenticeship participation and completion rates by working with the Industry Training Authority (SkilledTradesBC) to enable a supported workforce pathway.</p>	<ul style="list-style-type: none"> 30% of the hours worked by BCIB Employees were worked by Indigenous people or by members of a traditionally underrepresented group. BCIB employs more than twice the provincial average number of tradeswomen, and they’ve worked about three times as many hours. The BC average for women on the tools in this province has fallen to just 4.5%. Women make up 9% of the BCIB workforce and have worked 10% of the hours. The CBA includes Priority Hiring for qualified Indigenous workers, women, and locals on projects. Underrepresented workers are hired first and can become the next generation of skilled trades workers. BCIB partnered with SkilledTradesBC to connect apprenticeship candidates directly to support to complete their training and journey person certification.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Continue to partner in the successful delivery of CBA public infrastructure projects by enabling informed and competitive bids on projects to ensure the Community Benefits Agreement is implemented.</p> <p>Through successful partnerships with proponents and project teams, projects under the CBA will continue to create jobs with Priority Hiring for locals, Indigenous workers, women and other underrepresented groups.</p>	<ul style="list-style-type: none"> • BCIB led 137 contractor engagements, exceeding its target of 85. • BCIB entered 23 agreements with contractors. Its target was 20. • BCIB employed more than 1900 individual skilled trades workers in 2022/23, making it one of the province’s largest construction employers.
<p>Identify strengths and opportunities to optimize business processes to deliver on its mandate and government’s objectives for the organization.</p>	<ul style="list-style-type: none"> • BCIB entered into 17 cumulative service agreements with external partners.

Appendix B: Auditor's Report and Audited Financial Statements

(Located on the following page.)

FINANCIAL STATEMENTS OF

BC INFRASTRUCTURE BENEFITS INC.

YEAR ENDED MARCH 31, 2023

May 18, 2023

Statement of Management's Responsibility
Year ended March 31, 2023

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 to the Board through the Audit, Finance and Risk Committee; 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, 2023;
- ♦ 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, 2023, 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 18, 2023

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BC Infrastructure Benefits Inc.

Statement of Financial Position

As at March 31, 2023

(in \$000's)

	<u>Notes</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Financial assets			
Cash and cash equivalents		\$ 8,155	\$ 11,967
Accounts receivable	3	9,973	10,032
Due from government and government organizations	4	4,440	8,189
		<u>22,568</u>	<u>30,188</u>
Liabilities			
Debt	5	16,057	24,010
Accounts payable and accrued liabilities	6	5,621	7,321
Due to government and government organizations	7	3,328	861
Deferred capital contributions	8	-	36
		<u>25,006</u>	<u>32,228</u>
Net debt		<u>(2,438)</u>	<u>(2,040)</u>
Non-financial assets			
Tangible capital assets	9	2,201	1,871
Prepaid expenses	10	237	169
		<u>2,438</u>	<u>2,040</u>
Accumulated surplus		<u>\$ -</u>	<u>\$ -</u>

Approved on behalf of the Board of Directors on May 18, 2023



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, 2023

(in \$000's)

	Note	Budget	31-Mar-23	31-Mar-22
Revenues		(Note 12)		
Contracted Services		\$ 226,692	\$ 129,228	\$ 57,094
Service Fee		17,734	13,628	11,452
Interest Revenue		-	282	46
Other Revenue		-	73	31
		<u>244,426</u>	<u>143,211</u>	<u>68,623</u>
Expenses	11			
Project Skilled Workforce		226,692	129,228	57,094
People Services		3,692	2,739	1,796
Operations		4,762	2,861	1,958
Finance and Corporate Services		9,280	8,383	7,775
		<u>244,426</u>	<u>143,211</u>	<u>68,623</u>
Annual operating surplus		<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 Debt
For the year ended March 31, 2023
(In \$000's)

	<u>Budget</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Surplus	<u>(Note 12)</u> \$ -	\$ -	\$ -
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets	(1,550)	(846)	(630)
Amortization of tangible capital assets	<u>600</u>	<u>516</u>	<u>393</u>
	(950)	(330)	(237)
Effect of change in prepaid expenses			
Acquisition of prepaid expenses	(1,100)	(1,162)	(1,147)
Use of prepaid expenses	<u>1,100</u>	<u>1,094</u>	<u>1,154</u>
	-	(68)	7
Increase in net debt	<u>\$ (950)</u>	<u>\$ (398)</u>	<u>\$ (230)</u>
Net debt at beginning of year	<u>(2,100)</u>	<u>(2,040)</u>	<u>(1,810)</u>
Net debt at end of year	<u>\$ (3,050)</u>	<u>\$ (2,438)</u>	<u>\$ (2,040)</u>

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, 2023

(In \$000's)

	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Operating transactions		
Surplus	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	516	393
Amortization of discount on debt	402	16
Amortization of foreign exchange gain	(13)	-
Discount on debt	(536)	(14)
Unamortized foreign exchange loss/(gain) on debt	25	(1)
Decrease in deferred capital contributions	(36)	(20)
Changes in operating working capital:		
Decrease/(Increase) in accounts receivable	59	(9,346)
Decrease in due from government and government organizations	3,749	1,341
Increase/(decrease) in prepaid expenses	(68)	7
(Decrease)/Increase in accounts payable and accrued liabilities	(1,700)	5,290
Increase in due to government and government organizations	2,467	519
Cash provided by/(applied to) operating transactions	<u>4,865</u>	<u>(1,815)</u>
Capital transaction		
Cash used in acquisition of tangible capital assets	<u>(846)</u>	<u>(630)</u>
Cash applied to capital transaction	<u>(846)</u>	<u>(630)</u>
Financing transactions		
Debt issues	52,460	49,974
Debt repayment	<u>(60,291)</u>	<u>(41,965)</u>
Cash (applied to)/provided by financing transactions	<u>(7,831)</u>	<u>8,009</u>
(Decrease)/increase in cash	(3,812)	5,564
Cash at beginning of year	11,967	6,403
Cash at end of year	<u>\$ 8,155</u>	<u>\$ 11,967</u>
Supplemental disclosure of cash flow information:		
Interest paid	348	8

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 subsection 149 (1) of 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, the 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 mainly 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 Agreements (“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 work, it recognizes revenue from project Owners to offset its costs.

Interest and other revenue are recognized when earned.

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 and software	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 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 and accrued liabilities	Other financial liability	Amortized cost
Debt	Other financial liability	Amortized cost
Due to/from government and government organizations	Other financial liability/asset	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 and assessment of useful lives of tangible capital assets.

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, 2023	March 31, 2022
Trade accounts receivable	\$ 9,970	\$ 10,029
Other receivables	3	3
	<u>\$ 9,973</u>	<u>\$ 10,032</u>

4. DUE FROM GOVERNMENT & GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2023	March 31, 2022
BC Transportation Financing Authority ("BCTFA")	\$ 3,494	\$ 7,165
Vancouver Island Health Authority ("VIHA")	664	1,000
BC Institute of Technology ("BCIT")	252	-
Canada Revenue Agency ("CRA")	30	24
	<u>\$ 4,440</u>	<u>\$ 8,189</u>

Receivables from BCTFA, VIHA, and BCIT represents management service fees charged for the provision of workforce services and other project services. Receivables from CRA are from Goods and Services Tax ("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 8 months. BCIB is authorized to acquire up to \$100 million of short-term debt. On March 31, 2023, BCIB had one short-term debt totaling \$16 million (2021/2022 - \$24 million, consisting of two short-term debts), with a weighted average interest rate of 4.46% (2021/2022 - 0.13%). The \$16 million debt matures on June 2, 2023.

6. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

(\$000's)	March 31, 2023	March 31, 2022
Accrued liabilities	\$ 3,565	\$ 6,321
Accounts payable	<u>2,056</u>	<u>1,000</u>
	<u>\$ 5,621</u>	<u>\$ 7,321</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 & GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2023	March 31, 2022
Canada Revenue Agency	\$ 2,714	\$ 531
Province of British Columbia	505	245
BC Public Service Agency	<u>109</u>	<u>85</u>
	<u>\$ 3,328</u>	<u>\$ 861</u>

The amounts payable to CRA are related to GST collected 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, 2023	March 31, 2022
Deferred capital contributions, beginning of year	\$ 36	\$ 56
Amount recognized as revenue in the year	<u>(36)</u>	<u>(20)</u>
Deferred capital contributions, end of year	<u>\$ -</u>	<u>\$ 36</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. As of March 31, 2023, BCIB has recognized all the deferred capital contribution as revenue.

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, 2023 are as follows (\$000's):

	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work- In-Progress	Total
Cost						
Balance at March 31, 2022	\$ 167	\$ 174	\$ 1,941	\$ 76	\$ 137	\$ 2,495
Additions	17	11		-	818	846
Transfers		63	104		(167)	-
Balance at March 31, 2023	184	248	2,045	76	788	3,341
Accumulated Amortization						
Balance at March 31, 2022	65	61	491	7	-	624
Amortization	38	60	410	8	-	516
Balance at March 31, 2023	103	121	901	15	-	1,140
Net book value at March 31, 2023	\$ 81	\$ 127	\$ 1,144	\$ 61	\$ 788	\$ 2,201

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

	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work- In-Progress	Total
Cost						
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

Work-in-progress consists of ongoing leasehold construction costs and development costs related to computer software and equipment and is not amortized until the assets are completed and put into use.

10. PREPAID EXPENSES

(\$000's)	March 31, 2023	March 31, 2022
Computer software license	\$ 100	\$ 87
Office lease	71	66
Insurance	41	16
Other	25	-
	<u>\$ 237</u>	<u>\$ 169</u>

11. BREAKDOWN OF TOTAL EXPENSES

(\$000's)	March 31, 2023	March 31, 2022
Salaries and Benefits	\$ 137,855	\$ 63,841
Administration, IT and Other	2,145	1,534
Professional Services	1,044	1,643
Contractors	1,366	815
Facilities	801	790
	<u>\$ 143,211</u>	<u>\$ 68,623</u>

Presentation of breakdown of total expenses for Fiscal 2022/23 was changed compared to Fiscal 2021/22 to align with BCIB's Fiscal 2022/2023 Service Plan.

12. BUDGETED FIGURES

The Fiscal 2022/2023 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 2022/2023 budget approved by the Board on January 10, 2022.

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 recorded at the exchange amount, made on terms equivalent to those that prevail in arm's length transactions.

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Employee Supply Agreements and a Letter Agreement have been signed with various project Owners. BCIB receives management service fees for the provision of workforce services and other project services to select major infrastructure projects. For Fiscal 2022/2023, BCIB recognized project and management service fees of \$13.63 million (2021/2022 - \$11.45 million) as follows:

(\$000's)	March 31, 2023	March 31, 2022
BC Transportation Financing Authority ("BCTFA")	\$ 12,749	\$ 10,452
Vancouver Island Health Authority ("VIHA")	639	1,000
BC Institute of Technology ("BCIT")	240	-
	<u>\$ 13,628</u>	<u>\$ 11,452</u>

BCIB billed BCTFA in Fiscal 2022/2023 \$1.9 million (2021/2022 - \$0.41 million) for additional owner costs which include wages and Road Building Addenda cost differentials.

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, 2023, the Corporation has approximately 106 employees contributing to the plan, which has approximately 144,000 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 2022/2023, the employees of BCIB contributed \$563,250 (2021/2022 - \$419,618) to the Plan and the Corporation paid \$664,432 (2021/2022 - \$494,997) in employer contributions to the Plan.

15. CONTRACTUAL OBLIGATIONS

(\$000's)	Operating Lease
Fiscal 2024	901
Fiscal 2025	901
	<u>\$ 1,803</u>

The 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 2023 and is subject to change based on actual expenses calculated by the Landlord.

16. CONTINGENT LIABILITIES

As part of BCIB's ongoing operations, from time to time, the Corporation may receive claims for labour-related matters. As at the end of Fiscal 2022/2023, BCIB received two claims. At this time, it is not possible to estimate the potential impact of these claims.

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, 2023 is as follows:

(\$000's)	March 31, 2023	March 31, 2022
Accounts receivable	\$ 9,973	\$ 10,032
Due from government	4,440	8,189
	<u>\$ 14,413</u>	<u>\$ 18,221</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 minimized 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 \$0.16 million cost differential.

17. RISK MANAGEMENT (CONTINUED)

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, 2023, BCIB has foreign denominated debt in the amount of CAD \$16 million.

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.