

**Infrastructure BC Inc.**

**2023/24**  
**Annual Service Plan Report**

**August 2024**



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Published by Infrastructure BC Inc.

## Board Chair's Accountability Statement



The Infrastructure BC Inc. (Infrastructure BC) 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 - 2025/26 Service Plan published in 2023. I am accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read "Dana Hayden", written over a light blue horizontal line.

Dana Hayden  
Board Chair, Infrastructure BC Inc.  
August 8, 2024

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## Letter from the Board Chair & President and CEO

Please find enclosed our Annual Service Plan Report for the fiscal year 2023/24, which summarizes Infrastructure BC's performance in the context of the Mandate Letter provided to us by our Shareholder, the Minister of Finance.

Infrastructure BC supported the Government of B.C.'s five priorities as outlined in our 2021/22 Mandate Letter:

- Putting people first;
- Lasting and meaningful reconciliation;
- Equity and anti-racism;
- A better future through fighting Climate Change; and
- A strong, sustainable economy that works for everyone.

Infrastructure BC brings its procurement expertise and knowledge of infrastructure development to each project, ensuring that projects meet citizens' and clients' needs. Infrastructure BC works in concert with the Ministry of Finance to ensure that its priorities align with the Government of B.C.'s infrastructure development priorities. Infrastructure BC also provides services to public sector project owners other than the Government of B.C. in Canada. Infrastructure BC assists the Government of B.C. to implement its [Environmental, Social and Governance \(ESG\) Framework](#) priorities for Capital, CleanBC, Mass Timber, Childcare, and the hiring of underrepresented workers such as Indigenous peoples, women, and people with disabilities through planning and procurement of major infrastructure projects.

In 2023/24, Infrastructure BC managed a significant number of projects, from schools to hospitals and transit to highways.

Infrastructure BC worked closely with the Ministry of Transportation and Infrastructure and Transportation Investment Corporation, managing the procurement of projects, including Belleville Terminal Replacement, Highway 1 to 264<sup>th</sup> Interchange, Jumping Creek to MacDonald Snowshed, Surrey Langley SkyTrain's three contracts (Guideways, Stations, and Systems and Trackwork) and the Fraser River Tunnel project. Additionally, Infrastructure BC worked throughout 2023/24, managing the planning of the Highway 8 Reinstatement Program.

Infrastructure BC also managed the planning and/or procurement of projects undertaken by several health authorities and the B.C. Ministry of Health. These projects included the New Surrey Hospital and BC Cancer Centre, Kamloops Cancer Centre, Richmond Hospital Redevelopment, and Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre.

During the year, Infrastructure BC also provided advisory services during design, construction, and operations on the following projects: Royal Columbian Hospital Redevelopment Phase 2 and 3, Dawson Creek and District Hospital Redevelopment, Stuart Lake Hospital Redevelopment, Cowichan District Hospital Replacement, and the RBCM Provincial Archives, Research, and Collections (PARC) Building.

In 2023/24, the Infrastructure BC Board welcomed Allison Crane and Kyle Downie as new Directors.

On behalf of the Board of Directors and executive team, we would like to thank everyone at Infrastructure BC for their continued hard work and dedication.



Dana Hayden  
Infrastructure BC Board Chair  
August 8, 2024



Mark Liedemann  
Infrastructure BC President and CEO  
August 8, 2024

## 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 Infrastructure BC [2023/24 - 2025/26 Service Plan](#) and the actual results reported on in this annual report.

## Purpose of the Organization

Infrastructure BC is owned by the Province of British Columbia. It is incorporated under the Business Corporations Act.

Infrastructure BC is governed by a Board of Directors that is responsible to the Minister of Finance. The Board's direction is implemented by management, who carries out the day-to-day operations of the Corporation under the supervision of the President and Chief Executive Officer. For more information on Corporate Governance, please refer to <https://www.infrastructurebc.com/about/governance-practices/>.

Infrastructure BC advises public sector clients on how best to plan, procure, and deliver capital projects to foster innovation and quality, address key service needs, and manage projects on time and budget using various procurement models. These models engage the private sector and efficiently allocate or manage risk to provide the best value and outcome for all Infrastructure BC's clients' projects. The public sector owns the infrastructure and maintains complete oversight of the projects in all cases.

Since its inception in 2002, Infrastructure BC has provided planning and procurement services to owners of 78 projects with a cumulative capital investment of approximately \$28 billion. Of these, 12 projects with a total capital investment of \$4 billion were undertaken for governments in Canada other than the Province of British Columbia.

## Operating Environment

In fiscal 2023/24, Infrastructure BC managed the procurement of fifteen projects, with three reaching contract execution. All projects were in B.C.

During the year, most staff worked within a hybrid schedule, with sixty percent of their time on average spent within Infrastructure BC's offices. Infrastructure BC continued to hire additional resources to fulfill obligations to clients due to a high volume of work and a particularly large number of procurements.

As part of the Provincial and Federal Governments' continued focus on economic recovery through infrastructure, the outlook for complex capital projects remains strong. There is, therefore, the potential for significant project work for Infrastructure BC continues in the coming years.

While the flow of projects remained strong, B.C. continued to experience relatively few bidders per project, and those that submitted bids were more risk averse. Infrastructure BC continued to examine and implement innovative procurement models, such as Progressive Design-Build, Alliance, and Target Price Contract, to deal with the challenge of fewer bidders and related market dynamics.

To encourage construction firms to invest time and resources to pursue B.C. projects, Infrastructure BC coordinated, on behalf of the Province, a publication of major infrastructure projects in planning and procurement to better communicate the depth and breadth of construction opportunities in the construction industry. This brochure is published each spring and fall and features project details from B.C. Ministries (Transportation and Infrastructure, Education and Child Care, Health, Post-Secondary Education and Future Skills, Citizens' Services), BC Hydro as well as Metro Vancouver, TransLink, Vancouver Fraser Port Authority, and Capital Regional District. The market reaction to this biannual brochure continued to be positive and strong throughout 2023/24 as the brochure provides the industry a way to plan their resourcing during a period where there are a considerable number of private and public construction and infrastructure projects

Infrastructure BC's mandate to be a financially self-sustaining organization remained unchanged. The team continued to increase the number of projects it works on, properly resourcing each project and delivering added value to clients.

## Economic Statement

Following two years of strong recovery from the pandemic, economic growth in British Columbia moderated in 2023. After expanding by 3.9 per cent in 2022, B.C.'s real GDP increased by 1.6 per cent in 2023, the second highest growth rate among provinces (tied with Saskatchewan and Ontario) and outperforming the national average. Growth in B.C.'s real GDP was supported by service-producing industries such as real estate, rental and leasing; professional, scientific and technical services; transportation and warehousing; and healthcare. Despite steady growth in the construction and mining, quarrying and oil and gas



extraction sectors, output for goods-producing industries decreased in 2023, partly due to lower manufacturing activity. While B.C.'s economy continued to expand in 2023, some sectors such as transportation and warehousing and accommodation and food services have yet to fully return to pre-pandemic levels.

B.C.'s labour market continued to grow in 2023, with employment growth of 1.6 per cent and wages and salaries increasing by 6.9 per cent. However, B.C.'s unemployment rate rose to 5.2 per cent in 2023 from 4.6 per cent in the previous year as the labour force, supported by record high immigration, grew faster than employment. High interest rates tempered consumer spending on goods in 2023 and nominal retail sales edged down 0.1 per cent. In 2023, price pressures in B.C. moderated among a broad number of goods and services but remained elevated. B.C.'s inflation rate averaged 3.9 per cent in 2023, down from 6.9 per cent in 2022. B.C. home construction activity strengthened in 2023. Housing starts totaled 50,490 units in 2023, the highest annual pace on record and up 8.1 per cent compared to the previous year. High interest rates continued to weigh on home sales activity last year. B.C. MLS home sales decreased by 9.2 per cent in 2023, while the MLS average home sale price was 2.6 per cent lower than 2022. On the external front, B.C.'s international merchandise exports declined by 13.5 per cent in 2023, due to weaker global demand and lower commodity prices compared to 2022.

# Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 service plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

## Goal 1: Effective delivery of complex infrastructure projects for project owners

### Objective 1.1: Effective planning of complex infrastructure projects

Infrastructure BC assists the Government of B.C. and other public sector owners with planning for complex infrastructure projects.

#### Key results

- Assisted the Province of B.C. (Government) in developing guidance for concept plans and business cases.
- Assisted provincial project owners in writing concept plans and business cases consistent with Capital Asset Management Framework (CAMF).
- Developed comprehensive business cases for public sector owners not associated with the Province of B.C.
- Delivered educational workshops to project owners.

#### Summary of progress made in 2023/24

Infrastructure BC has developed many detailed guidance documents and templates that it leverages to consistently complete comprehensive concept plans and business cases, which go through an internal quality control process before being finalized. During 2023/24, Infrastructure BC supported the development or completion of multiple business cases, including Highway 1 264<sup>th</sup> to Whatcom Road, BC Legislative Precinct District Energy System Renewal, Cariboo Roads Recovery as well as long-term care facilities for Northern Health Authority.

Infrastructure BC delivered education workshops for Government and project owners to help them understand the components of a comprehensive concept plan and business case and the time and resources necessary to complete them. During summer 2023, Infrastructure BC held in-person three-series information sessions for over fifty ministry staff regarding the three primary phases of a project – planning, procurement, and design and construction.

## Objective 1.2: Successful procurement of complex infrastructure projects

Infrastructure BC consistently works with owners and the market, adapting, when necessary, to ensure projects advance.

### Key results

- Developed and implemented new procurement delivery models and/or improvements to existing models and maintained regular engagement with market participants and other procurement agencies in Canada and worldwide.
- Retained a Fairness Reviewer on all procurements.
- Published the BC Infrastructure Major Projects Brochure twice a year.
- Participated on designated project boards (governance structure for large Government capital projects).
- Worked with owners to manage scope to deliver value when receiving pricing from one proponent and employed third-party reviews to provide assurance.

### Summary of progress made in 2023/24

Infrastructure BC recognizes current market conditions are defined by a plethora of large, complex public and private sector projects combined with contractors' increasing risk aversion. Infrastructure BC has adapted to these conditions to ensure the success of its capital procurements. Infrastructure BC's utilization of the Alliance procurement model in 2023/24 via the Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre and the BC Highway Reinstatement Emergency Program, including Highway 8, projects ensured competition in a challenging market. One aspect that remains unchanged in the current market conditions is the need to run procurements that are fair and certified to be fair. The use of a third-party monitor, called a Fairness Reviewer, accomplishes this. Infrastructure BC publishes all project Fairness Reports received for each project on [Infrastructure BC's website](#).

Infrastructure BC published the [BC Major Infrastructure Project Brochure](#) in spring 2023 and fall 2023. The brochure provided market participants, industry, contractors, and subcontractors with information about planned infrastructure projects, allowing the market to better prepare the financial and human resources needed.

Infrastructure BC continued to provide expertise related to the governance of procurement for major capital projects.

In procurements where pricing is received from only one bidder, value needs to be assured, even if the pricing is within the project budget. Infrastructure BC does this by scrutinizing pricing, including information not provided by bidders in other types of procurements, and undertaking independent cost reviews. In procurements where pricing is received from more than one bidder, value is determined through the competitive process.

## Objective 1.3: Effective management of design and construction of complex infrastructure projects on behalf of or with Provincial project owners

Infrastructure BC requires the right resources to successfully deliver complex infrastructure projects.

### Key results

- Infrastructure BC worked to ensure there was sufficient experienced internal resources focused on design and construction.
- Infrastructure BC supported provincial project owners who did not have sufficient capacity and/or expertise to undertake the management of design and construction of large, complex infrastructure projects and proactively offered Infrastructure BC's services.

### Summary of progress made in 2023/24

The current high level of market and capital spending activity continued throughout 2023/24 and is expected to remain high in upcoming years within the Canadian construction market, making it challenging to find appropriate resources. Infrastructure BC provided its expertise for the governance of capital projects through major project design and construction.

Infrastructure BC recognized the need for experienced people to deliver on the design and construction assignments it is engaged to deliver. As Infrastructure BC's design and construction services continued to expand, numerous staff members added design and construction to their portfolio. Additionally, to ensure the ability to meet the Province's and clients' procurement needs, Infrastructure BC hired seventeen new employees, finishing fiscal 2023/24 with fifty-six employees.

### Performance measures and related discussion

Performance Measure	2021/22 Baseline	2022/23 Actual	2023/24 Target	2023/24 Actual
1a % Clients who are satisfied with Infrastructure BC's capital planning support <sup>1</sup>	85%	N/A <sup>2</sup>	80%	88%

Data Source: Client and Stakeholder Satisfaction Survey.

<sup>1</sup>PM 1a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 80% and N/A, respectively.

<sup>2</sup>The most recent client and stakeholder satisfaction survey was held in Q4 of the 2023/24 fiscal year and biennially thereafter.

Infrastructure BC measures client satisfaction through a biennial survey that evaluates staff expertise, the quality of results, and the value added by Infrastructure BC's participation in a project. As a service-driven organization, maintaining high client satisfaction has proven to be a key driver of Infrastructure BC's year-over-year success in supporting the effective delivery of

complex infrastructure projects for project owners, as evidenced by many of Infrastructure BC’s repeat clients.

The qualitative survey consists of no less than ten open-ended questions, each equally weighted. The quantitative survey includes ten closed-end questions. Initial research, conducted by a third-party consultant, was completed in 2012, with the satisfaction survey redesigned and completed again in 2015, establishing a baseline of 80%. Infrastructure BC continues to follow recommended best practices by keeping the quantitative questionnaire consistent to enable the tracking of trends.

Performance Measure	2021/22 Baseline	2022/23 Actual	2023/24 Target	2023/24 Actual
1.b % of procurements with clean Fairness Reviewer reports <sup>1</sup>	100%	100%	100%	100%

Data Source: Reports available within each individual project page located on [Infrastructure BC website](#).

<sup>1</sup>PM 1b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 100% and 100%, respectively.

Fairness Reviewer reports are created for both the Request for Qualifications (RFQ) and Request for Proposal (RFP) phases. Clean reports help strengthen market confidence in Infrastructure BC-led procurements, contributing to strong market competition and improved pricing and value for projects. A clean Fairness Reviewer report comments positively on the treatment of participants, application of evaluation criteria, fairness, and transparency. This component contributes to the effective delivery of complex infrastructure projects. Fairness Reviewer reports are publicly available on Infrastructure BC's website project pages. For the year ended March 31, 2024, Infrastructure BC received six clean Fairness Reports for the RFQ phases of the Highway 1 – Bruhn Bridge, Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre, Belleville Terminal Redevelopment – Phase II, Highway 1 – 264<sup>th</sup> St Interchange, Highway 1 – Jumping Creek to MacDonald Snowshed and the Fraser River Tunnel Project.

Performance Measure	2021/22 Baseline	2022/23 Actual	2023/24 Target	2023/24 Actual
1c % of procurements with two or more qualified respondents <sup>1</sup>	100%	100%	100%	100%

Data Source: Infrastructure BC Internal Tracking

<sup>1</sup>PM 1c targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 100% and 100%, respectively.

Public sector clients receive the best value through robust market participation and competition; therefore, Infrastructure BC targets a minimum of two qualified responses to RFQs in each capital project procurement to generate competitive tension for projects. Infrastructure BC bases this target on current market experience over the past three years as B.C. continues to experience market constraints with a trend towards large infrastructure projects where fewer bids per project are submitted than in the past, and those proponents that do bid are more risk averse.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1d % of Infrastructure BC's total fiscal consulting fee revenues earned from managing design and construction. <sup>1</sup>	N/A <sup>2</sup>	10%	18%

Data Source: Infrastructure BC Internal Tracking

<sup>1</sup>PM 1d targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 15% and 15%, respectively.

<sup>2</sup>Performance Measure 1d is new to fiscal 2023/24.

To ensure effective delivery of complex infrastructure projects, in 2023/24, Infrastructure BC increased its focus on providing design and construction delivery services for project owners. Design and construction services are defined as the period from when a construction contract is signed with a contractor through to total project completion, when all deficiencies have been addressed. A target of 10% of revenues was set for the first year. As Infrastructure BC has experienced success in delivering a greater number of projects via its design and construction services strategy over time, targets of 15% of revenues have been set for future years. Various projects are in focus, including agent and advisory roles. Alliance projects such as Burnaby Hospital Redevelopment Phase 2 – BC Cancer Centre and Richmond Hospital are progressing, with a focus on Infrastructure BC providing advisory roles.

Due to Infrastructure BC providing advisory services during design and construction for the Dawson Creek and District Hospital Redevelopment, Stuart Lake Hospital Redevelopment, and the Yukon Hospital Corporation, Infrastructure BC surpassed the 10% target of Infrastructure BC's total fiscal consulting revenues earned from managing design and construction.

## Goal 2: Provincial Government's capital projects are aligned with its policy priorities

### Objective 2.1: Assist Government and clients in implementing the Province of B.C.'s Environmental Social and Governance Framework for Capital (ESGFC)

Infrastructure BC supports the analysis of the opportunity to and feasibility of incorporating government policy priorities for capital projects at the business case stage.

#### Key results

- Assisted with the development and implementation of assessment tools used during the capital planning stage (e.g., screening tools).
- Supported the development and implementation of approaches to include ESGFC priorities in the procurement phase of projects (e.g., template legal language suitable for different forms of standard construction contracts) and monitored ESGFC initiatives during design and construction stages and suggested improvements.

## Summary of progress made in 2023/24

The Province created the ESGFC to support the achievement of lasting labour, environmental, economic, and social benefits for British Columbians by leveraging its investments in public infrastructure projects. As a partner in provincial capital project planning and implementation, Infrastructure BC continued to be well positioned to support the implementation of the ESGFC. The ESGFC consists of four priority areas which include Childcare, CleanBC, Mass Timber, and Labour.

Based on Government’s decision on elements to be included in the project, Infrastructure BC worked with owners and construction market participants to integrate them into the procurement and construction documents. Examples include RBCM Provincial Archives, Research, and Collections (PARC) and Cowichan District Hospital Replacement project featuring Mass Timber. CleanBC, which targets reducing energy consumption and emission of greenhouse gas and climate resilience goals, objectives have been realized with recent hospitals procured reaching 100% electric capacity. Additionally, Surrey Langley SkyTrain is a significant CleanBC initiative with respect to the reduction of vehicles on roadways. Project Labour Agreements (PLA) and the Enhanced Inclusion and Development Agreement (EIDA) implemented by Infrastructure BC aided Government in increasing participation of individuals from underrepresented groups in construction and increasing apprentices on major public infrastructure projects. Such projects include New Surrey Hospital and BC Cancer Centre as well as multiple BC Highway Reinstatement Projects.

## Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2a Clients’, Government’s, and Contractors’ satisfaction with Infrastructure BC’s effectiveness in implementing Government’s strategic priorities. <sup>1</sup>	N/A <sup>2</sup>	80%	88%

Data source: Infrastructure BC Client and Stakeholder Engagement Survey

<sup>1</sup>PM 2a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as N/A and 80%, respectively.

<sup>2</sup> The Client and Engagement Survey is held biennially, with the most recent in fiscal 2023/24. The next survey will be held in Q4 of 2025/26.

As a service-driven organization, maintaining a high level of client, government, and contractor satisfaction has proven to be a key driver of Infrastructure BC’s year-over-year success. Infrastructure BC measures client satisfaction through a biennial survey conducted by a third-party consultant.

The most recent qualitative survey consisted of no less than ten equally weighted, open-ended questions provided to clients, governments, or contractors. The quantitative survey included ten closed-end questions. Initial research occurred in 2012, with the satisfaction survey redesigned and completed again in 2015, 2016, 2020, 2022 and 2024. Infrastructure BC continued to follow recommended best practices by keeping the quantitative questionnaire

consistent to enable the tracking of trends. The survey also measured contractors’ satisfaction with the quality of Infrastructure BC’s procurement documents and participation. 2023/24 survey results showed experience, expertise, and advice are key reasons for confidence in Infrastructure BC’s ability to support clients’ needs and government priorities. Results also showed Infrastructure BC’s innovative procurement approaches to respond to challenging market conditions are positively supported by clients and industry stakeholders.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2b % of procurements that include one or more of Government’s strategic priorities approved in the business case. <sup>1</sup>	100%	100%	100%

Data source: Infrastructure BC internal tracking.

<sup>1</sup>PM 2b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 100% and 100%, respectively.

Infrastructure BC supported the analysis of the opportunity and feasibility of incorporating government policy priorities for capital projects at the business case stage. Following a decision by Government of elements to be included in the project, Infrastructure BC worked with owners and construction market participants to integrate these into the procurement and construction documents in a way that was effective for all parties.

## Goal 3: Capacity required to deliver Infrastructure BC’s mandate

### Objective 3.1: Sufficient capacity required to provide services to clients

Infrastructure BC staff require strong planning and procurement experiences to deliver on projects successfully.

#### Key results

- Infrastructure BC has established an effective implementation of an organization-wide succession plan that enabled new staff to be trained and to work on tasks (such as lessons learned, project boards, market engagement, education within government, etc.) to allow for continued growth and development.
- Provided focused staff development and learning opportunities.
- Developed an organization-wide employee coaching framework.

#### Summary of progress made in 2023/24

Given the significant requirements required to deliver on its mandate, Infrastructure BC has developed the processes necessary to recruit, onboard, orient and develop employees. All Infrastructure BC employees are supported by a manager who will continue to oversee their onboarding, orientation, and development. During fiscal 2023/24, Infrastructure BC recruited,



hired, orientated, and integrated seventeen new employees and interns, representing approximately 30% of the staffing complement, across Infrastructure BC.

All employees are guided by Infrastructure BC's career development program, which supports resourcing and learning opportunities for projects and encourages and supports employees to guide their career within Infrastructure BC and beyond. The program together with the Balanced Scorecard allows management to evaluate, assess and provide employees with meaningful performance feedback in real-time. In addition to individual career plans, over the past eighteen months, Infrastructure BC introduced a coaching program for all team members.

The learning cycle for new employees to become thoroughly familiar with Infrastructure BC's process tends to be long. This is tied to the fact that the completion of a business case generally takes one year, and a single procurement typically takes 15 months.

Infrastructure BC continued to accelerate the learning curve for newer employees through focused staff development and coaching. Several excellent learning opportunities existed with the large number of projects currently being worked on by Infrastructure BC.

Infrastructure BC regularly reviewed succession planning at all levels.

## Objective 3.2: Enhance employee engagement and satisfaction

Infrastructure BC focuses on continuous learning and improvement of all team members.

### Key results

- Addressed issues raised through staff engagement surveys.
- Promoted a welcoming workplace culture for people of all backgrounds and orientations.
- Continued Infrastructure BC's Diversity, Equality, and Inclusion journey focusing on mental and physical health.
- Limited knowledge loss by reducing voluntary turnover in comparison to Western Canada-based organizations.

### Summary of progress made in 2023/24

"People First" is among Infrastructure BC's core values. Infrastructure BC focused on continuous learning and improvement of all team members. This corporate culture focuses on growth and is supported by coaching and timely feedback to ensure continued positive staff engagement at all levels. Every two years, Infrastructure BC undertakes an employee engagement survey to solicit confidential feedback on how to improve the way people are managed within Infrastructure BC. The 2023/24 employee engagement survey with a 98% participation rate returned an 84% satisfaction index.

A survey performed in fiscal 2021/22 indicated the importance of staff development, increasing awareness of physical and mental health, and continuing the Diversity, Equity, and Inclusion journey as areas for improvement. An internal action plan and the introduction of new tools in 2022/23 and 2023/24 supported the implementation of these important initiatives. Infrastructure BC recognizes the path of Diversity, Equity, and Inclusion is an ongoing journey. During the year, Infrastructure BC continued to focus on its core value of people first. The strategy of orientating, integrating, and supporting newer employees while further developing and mentoring experienced employees was a key component in Infrastructure BC’s positive employee engagement survey results. In addition, the coaching framework established post-pandemic as part of a five-part education program has further solidified Infrastructure BC’s corporate culture of focusing on our people.

**Performance measures and related discussion**

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
3a % of Infrastructure BC Project Directors and Senior Associates who have >7 years of relevant experience. <sup>1</sup>	25%	25%	70%

Data source: Infrastructure BC internal human resources tracking

<sup>1</sup>PM 3a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 25% and 25%, respectively.

Infrastructure BC operates in a knowledge management industry, transferring knowledge from more experienced employees, identified as those with greater than seven years of experience, to less experienced ones. Being a small to medium-sized organization, Infrastructure BC’s experienced employees continued to help several less-experienced employees. To deliver Infrastructure BC’s mandate while supporting the learning and development of current staff, the target of 25% represented a ratio of one experienced person supporting three less experienced employees. Ratios higher than this are acceptable; however, ratios less than this result in a less-than-optimum learning environment for the less experienced employees. During 2023/24, Infrastructure BC continued its focus of hiring experienced individuals; the majority of new staff members who joined Infrastructure BC have greater than seven years of experience within their field. As of March 31, 2024, Infrastructure BC employed 17 Project Directors and 24 Senior Associates.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
3b % of engaged employees <sup>1</sup>	NA <sup>2</sup>	80%	84%

Data source: Infrastructure BC Employee Engagement Survey

<sup>1</sup>PM 3b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 80% and NA, respectively.

<sup>2</sup>The most recent Infrastructure BC Employee Engagement Survey was held in Q4 of the 2023/24 fiscal year and biennially thereafter. The next survey will be held in Q4 of 2025/26.

For Infrastructure BC to build and maintain the capacity required to deliver its mandate, it is important to understand employee engagement and satisfaction across specific focus areas,

such as day-to-day work, development and training, co-workers, managers, executives, and the organization.

A well-managed organization supports employee development and provides growth and challenging opportunities. Infrastructure BC measured employee engagement through job satisfaction and commitment via an employee engagement survey. This survey, conducted biennially by a third-party consultant, measured outcomes in various areas, including teamwork, professional development, and job suitability. Where possible, normative scores are included in the final report for benchmarking purposes.

The 2023/24 employee engagement survey had a 98% participation rate, 51 of 52 employees submitted responses with an 84% satisfaction index. The Employee Engagement Index is the % of employees who responded to key questions with “Strongly Agree” or “Somewhat agree” on a 5-point scale. This is up from 72% in 2022 and other crown corporations at 61%. Top rated attributes all demonstrate that Infrastructure BC is a well managed organization, based on generally high scores.

## Financial Report

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

## Discussion of Results

This Discussion of Results of Infrastructure BC Inc. (Infrastructure BC) is intended to be read in conjunction with the audited financial statements and accompanying notes. The results reported are prepared in accordance with Canadian Public Sector Accounting Standards using guidelines developed by the Public Sector Accounting (PSA) Board of the Chartered Professional Accountants of Canada.

This Discussion of Results presents an analysis of Infrastructure BC's 2023/24 financial performance in comparison to the previous fiscal year and 2023/24 budget. Some totals may not be precise due to rounding.

### **Overview of Fiscal 2023/24**

Fiscal 2023/24 continued to be a year of change for Infrastructure BC. The challenges such as inflationary pressures that dominated the landscape in fiscal 2022/23, continued as Infrastructure BC transitioned into fiscal 2023/24. Considering these challenges and the impact on capital budgets and project schedules, Infrastructure BC continued to support and help its clients deliver on their capital mandates.

## Financial Summary

(\$000s/\$m)	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance
<b>Revenues</b>				
Consulting fees	9.19	10.49	11.40	0.91
Investment income	0.68	0.77	1.04	0.27
Project recoveries	2.60	1.89	6.38	4.49
<b>Total Revenue</b>	<b>12.47</b>	<b>13.15</b>	<b>18.82</b>	<b>5.67</b>
<b>Expenses</b>				
Human resource costs	7.18	8.53	9.30	(0.77)
Administration	1.25	1.35	1.50	(0.15)
Professional services	0.34	0.43	0.69	(0.26)
Amortization	0.16	0.14	0.16	(0.02)
Project recoverable expenses	2.60	1.89	6.38	(4.49)
<b>Total Expenses</b>	<b>11.53</b>	<b>12.34</b>	<b>18.03</b>	<b>(5.69)</b>
<b>Operating Surplus</b>	<b>0.94</b>	<b>0.81</b>	<b>0.79</b>	<b>(0.02)</b>
<b>Total Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital Expenditures</b>	<b>0.10</b>	<b>0.08</b>	<b>0.15</b>	<b>(0.07)</b>
<b>Accumulated Surplus</b>	<b>20.37</b>	<b>21.15</b>	<b>21.16</b>	<b>0.01</b>

<sup>1</sup> The above financial information was prepared based on current Generally Accepted Accounting Principles.

## Comparison of 2023/24 and 2022/23 Financial Performances

Infrastructure BC generated consulting fees of \$11.4 million in fiscal 2023/24 compared to \$9.1 million in fiscal 2022/23, resulting in an increase of \$2.2 million or 24%. The increase in consulting fees was largely due to the number of projects in procurement in the transportation, healthcare and accommodation sectors.

Infrastructure BC reached final project agreements on the following projects in fiscal 2023/24:

- Dawson Creek and District Hospital Replacement;
- George Pringle Secondary School; and
- New Surrey Hospital and BC Cancer Centre.

Concurrently, there were several other projects in procurement and pre-procurement in fiscal 2023/24:

- Belleville Terminal Replacement;
- Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre;
- Fraser River Tunnel Replacement;
- Highway 1 to 264<sup>th</sup> Interchange;
- Highway 8 Reinstatement Program;
- Jumping Creek to MacDonald Snowshed;
- Kamloops Cancer Centre;
- Plant and Animal Health Centre Replacement;
- Richmond Hospital Redevelopment;
- Surrey Langley SkyTrain – Guideways;
- Surrey Langley SkyTrain – Stations; and
- Surrey Langley SkyTrain – Systems and Trackwork.

The Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre, Surrey Langley SkyTrain – Guideways, Stations, and Systems and Trackwork will reach final project agreements in fiscal 2024/25.

## Variance and Trend Analysis

### **Revenues – Comparison between 2023/24 and 2022/23 and to Budget**

For the year ended March 31, 2024, total revenues consisting of consulting fees and interest income were 10.5% above budget.

Infrastructure BC's budget was developed based on assumptions such as the number of projects in the procurement, business case, implementation, and advisory phases, and the number of staff required to deliver on those projects. Based on the assumed number of projects and resources required to successfully deliver on those projects, Infrastructure BC budgeted for 44 Full Time Equivalent (FTE) staff in 2023/24. However, during the year and as a result of an increased number of projects in various phases, Infrastructure BC had approximately 60 FTEs, including 4 contractors, to meet all the project requirements.

The increase in consulting fees did not take into consideration the additional services provided to the Province of B.C. to support the Province on several value-added initiatives, such as participation on project boards, attendance at capital project meetings, and policy development on a no-fee basis.

Interest income increased significantly in fiscal 2023/24 due to the Canadian central bank's continuing efforts to tackle the ongoing inflation that has been experienced globally post-pandemic. Infrastructure BC placed its excess cash with the Ministry of Finance Central Deposit Program (the 'Program') which supports the Province's monetary program while, at the same time, earning a competitive interest rate with minimal risk. The Program pays an interest rate equal to the prime lending rate of the principal banker to the Province of B.C. less 2.0%. Going forward, the interest rates are expected to remain steady at least through the first three quarters of fiscal 2024/25 but are expected to ease in the fourth quarter of fiscal 2024/25, subject to inflation being at the 2-3% target range.

### **Expenses – Comparison between 2023/24 and 2022/23**

For the year ended March 31, 2024, there was an increase in operating expenses of \$2.7 million or 30.4% compared to last year. The overall increase was primarily attributable to the search, interview, hire and eventual integration of new employees into Infrastructure BC. The company increased its head count by seventeen new employees in fiscal 2023/24 and this contributed to the 29.5% increase in human resources expenses. Going forward, Infrastructure BC is expected to continue to increase its staffing levels to meet all the current project demands and implementation support to clients. A key position will be to recruit a Vice-President, Infrastructure Construction and Delivery, to develop, grow, and manage the implementation program. This new hire will be supported by an established executive search firm and should be completed by Q2 fiscal 2024/25.

The increase in general and administrative expenses was primarily attributable to the following:

- a. The increase in the number of employees in Infrastructure BC;
- b. The requirement to increase the number of licenses for all work applications;
- c. The resumption of travel for face-to-face and in-person attendance for projects, governance, and corporate meetings;
- d. The resumption of in-person attendance at key corporate events such as internal education sessions and staff professional development days; and
- e. The continuing impact of inflationary pressures on Infrastructure BC's overall costs.

As previously reported, Infrastructure BC commenced the design and testing of a Professional Services Automation ('PSA') solution by Deltek VantagePoint ('Deltek') to replace its aging finance and accounting solution. Infrastructure BC successfully transitioned to Deltek on November 1, 2023. The increase in information technology expenses was largely due to the implementation of Infrastructure BC's PSA solution, the addition of application licenses, and additional information technology helpdesk services to reflect the increased staffing levels.

The increase in professional fees expenses was attributable to a number of one-time initiatives in fiscal 2023/24, such as legal support and advice for an alliance contracting workshop, project structuring and governance, and an Indigenous procurement strategy. In addition, Infrastructure BC worked with several recruiting firms to support the recruiting of new project staff. Infrastructure BC, with the support of a consulting firm, also commenced the search for new design and construction software to support its implementation initiatives. The expected go live for this new software is Q3 fiscal 2024/25. Lastly, Infrastructure BC conducted its biennial employee engagement and client and stakeholder satisfaction surveys in Q4 fiscal 2023/24.

Overall, for the year ended March 31, 2024, total expenses as a percentage of revenues were 93.5% compared to 90.5% for the year ended March 31, 2023. The increase was largely attributable to increased staffing levels and a corresponding increase in administrative expenses to setup, orientate, integrate, and support the new employees. Some of these



initiatives included in-person group orientation sessions for new employees to orientate them on Infrastructure BC's business plan and procurement processes, use of guidance libraries and templates, and staff professional development days to support the integration of new staff to Infrastructure BC. These HR strategies and initiatives were important given the number of new employees, and overall, staff were satisfied with these initiatives, as evidenced by the 84% employee engagement index.

Total general and administrative expenses, as a percentage of revenues, were 18.8% compared to 17.7% for the year ended March 31, 2023. This increase was primarily due to the increased staffing levels during the year.

### **Expenses - Comparison to Budget**

The development of the fiscal 2023/24 human resources and general and administrative expenses budget was based on the projected staffing level of 44 FTEs to support the projects from the Province. It was also based on the assumption that the fiscal 2022/23 inflationary pressures would subside due to the Central Bank's aggressive strategies to tackle the challenge.

For the year ended March 31, 2023, Infrastructure BC hired seventeen new employees and finished the year with 56 employees. As a result, human resources expenses were \$9.3 million compared to a budget of \$8.5 million, resulting in a variance of \$770,924 or 9.0%. Going forward, the number of employees is expected to increase in fiscal 2024/25 as Infrastructure BC continues to increase staffing levels to meet the Province's and clients' demands for projects in procurement, business plan, advisory and implementation.

For the year ended March 31, 2024, total general and administrative expenses were \$2.3 million compared to a budget of \$1.9 million, resulting in a variance of \$424,208 or 22.1%. This was largely attributable to the increase in administration, information systems, professional fees, and travel being over budget by \$65,950, \$63,969, \$216,886, and \$111,184, respectively.

The increase in administration and information systems were largely due to the increase in staffing levels. The increase in professional fees was due to the contracting of a search firm to support the hiring of new project staff to support all the projects in procurement, business plan, advisory, and implementation phases. The increase in travel was due to the resumption of in-person meetings with key clients and stakeholders and in-person staff attendance at key corporate events. Overall, these costs also reflect higher costs from all service providers due to the current high inflationary environment.

Total expenses for the year ended March 31, 2024, as a percentage of revenues were 93.6 %, which was greater than budget of 92.8%. General and administrative expenses for the year ended March 31, 2024, as a percentage of revenues, were 18.8 % which was also greater than budget of 17.1%. The increase in general and administrative expenses was largely due to the increased staffing levels and the contracting of a search firm to support the recruiting efforts.

## **Statement of Financial Position**

### **Assets**

Cash increased by \$1.0 million from \$18.5 million as at March 31, 2023, to \$19.5 million as at March 31, 2024. The increase in cash was due to changes in working capital plus the current year's operating surplus.

Accounts receivable, which consists of consulting fees, project recoverable expenses and accruals at year-end, increased by \$0.4 million from \$2.7 million as at March 31, 2023 to \$3.1 million as at March 31, 2024. Current accounts receivable represented approximately 97% of the balance at year-end. All the accounts receivable are receivables from the Province of B.C. and related agencies. As a result, Infrastructure BC did not provide for any doubtful accounts for the years ended March 31, 2024, and 2023.

Non-financial assets consisting of prepaid expenses and tangible capital assets decreased by \$0.006 million. This was primarily due to amortization of capital asset, net of capital asset additions during the year.

### **Liabilities and Accumulated Surplus**

Accounts payable and accrued liabilities increased by \$0.8 million from \$1.1 million as at March 31, 2023 to \$1.9 million as at March 31, 2024. The increase was largely due to the accrual of project recoverables and other expenses accrued at fiscal year-end.

The increase in accumulated surplus was attributable to an annual operating surplus of \$0.7 million.

## **Statement of Cash Flows**

### **Liquidity and capital resources**

As of March 31, 2024, Infrastructure BC's principal sources of liquidity included cash of \$19.5 million and accounts receivable of \$3.1 million. Infrastructure BC has \$1.9 million in accounts payable and accrued liabilities due next year. As a result, Infrastructure BC's net working capital improved by \$0.7 million to \$20.9 million as at March 31, 2024.

## Risks and Uncertainties

The risks and uncertainties facing Infrastructure BC going forward are macroeconomic factors, including inflation, interest rates, and the corresponding fiscal policies required to help ease inflation, potential recession, the impact of output on supply chain challenges, and gross domestic product. In addition, Infrastructure BC continues to experience resource challenges while supporting the integration and development of new and current employees. These risks and uncertainties are reviewed with the Infrastructure BC Audit and Risk Management Committee, together with a discussion of the mitigation factors.

## 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, 2024
<p>Continue to provide strategic advice to the Province and support to the public sector clients for Government priorities as they relate to capital projects including, but not limited to, use of mass timber, Community Benefits Agreements, inclusion of childcare spaces and assisting the Province in meeting CleanBC targets.</p>	<ul style="list-style-type: none"> <li>• Infrastructure BC continues to provide strategic advice regarding childcare design standards, mass timber assessment tool, mass timber in procurements such as RBCM PARC, CleanBC targets in all vertical procurements, procuring projects with Community Benefit Agreements (CBA), as well as assisting in the management of projects with CBAs (example: Cowichan District Hospital Replacement).</li> <li>• Ongoing</li> </ul>
<p>Continue to work with the Ministry of Finance to implement the recommendations of the Infrastructure BC mandate review, including but not limited to, publishing an inventory of Provincial capital projects over \$50 million in the advanced planning and procurement stages every six months to increase market interest.</p>	<ul style="list-style-type: none"> <li>• <a href="#">BC Major Infrastructure Projects Brochure</a> published in May and October 2023.</li> </ul>
<p>Continue to enhance the understanding of project owners in the Provincial government and other stakeholders of best practices in capital planning, procurement and contract management to improve communication and better understand project outcomes and stakeholders' needs.</p>	<ul style="list-style-type: none"> <li>• Infrastructure BC provided 22 education and information sessions to public sector public owners during fiscal 2023/24.</li> <li>• Ongoing</li> </ul>

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



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BDO Canada LLP  
1100 Royal Centre  
1055 West Georgia Street  
Vancouver, BC, V6E 3P3

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## Independent Auditor's Report

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To the Board of Directors and Shareholder of Infrastructure BC Inc.

### Opinion

We have audited the financial statements of Infrastructure BC Inc. (the "Organization") which comprise the Statement of Financial Position as at March 31, 2024 and the Statements of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization's financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024 and its results of operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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, 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 Organization'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 Organization, or to cease operations, or has no realistic alternative but to do so.

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



## Auditor's 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 auditor's 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Vancouver, British Columbia  
June 4, 2024

## Statement of Management Responsibility

The financial statements of Infrastructure BC Inc. for the year ended March 31, 2024, have been prepared by management in accordance with Canadian Public Sector Accounting Standards. These financial statements present fairly the financial position of Infrastructure BC Inc. as at March 31, 2024.

Management is responsible for the preparation of the financial statements and has established a system for internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records provide reliable information for the preparation of the financial statements.

The Board of Directors carries out its responsibility for the review of financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board.

BDO Canada LLP has performed an independent audit of the financial statements of Infrastructure BC Inc. The Independent Auditor's Report outlines the scope of their examination and expresses an opinion on statements of Infrastructure BC Inc.



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Mark Liedemann  
President and Chief Executive Officer  
Infrastructure BC Inc.



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Chan-Seng Lee, CPA, CA  
Vice President, Finance and Administration  
Infrastructure BC Inc.



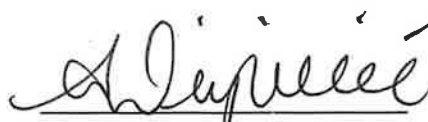
**Infrastructure BC Inc.**  
**Statement of Financial Position**  
**As at March 31, 2024 and 2023**

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 19,596,450	\$ 18,573,005
Accounts receivable (Note 3)	3,199,457	2,713,996
<b>Total Financial Assets</b>	<u>22,795,907</u>	<u>21,287,001</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 4)	1,958,144	1,146,608
Deferred revenue	-	50,320
Deferred lease inducement	-	51,900
<b>Total Liabilities</b>	<u>1,958,144</u>	<u>1,248,828</u>
<b>Net financial assets</b>	<u>20,837,763</u>	<u>20,038,173</u>
<b>Non-financial assets</b>		
Prepaid expenses	116,038	109,202
Tangible capital assets (Note 6)	206,562	219,645
<b>Total Non-financial Assets</b>	<u>322,600</u>	<u>328,847</u>
<b>Accumulated surplus</b>	<u>\$ 21,160,363</u>	<u>\$ 20,367,020</u>
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 21,160,361	\$ 20,367,018
Share capital (Note 7)	2	2
	<u>\$ 21,160,363</u>	<u>\$ 20,367,020</u>

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

**APPROVED ON BEHALF OF THE BOARD**

  
D. Hayden, Chair

  
S. Dujmovic, Director

**Infrastructure BC Inc.**  
**Statement of Operations**  
**For the Years Ended March 31, 2024 and 2023**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 11)	<b>2024</b>	<b>2023</b>
<b>Revenue</b>			
Consulting fees	\$ 10,486,880	\$ 11,402,153	\$ 9,189,731
Interest income	769,000	1,035,779	675,163
<b>Total Revenues</b>	<b>11,255,880</b>	<b>12,437,932</b>	<b>9,864,894</b>
<b>Expenses</b>			
Administration	275,000	340,950	274,653
Amortization of tangible capital assets	142,986	158,746	164,601
Building occupancy	558,894	509,353	530,677
Human resources	8,529,577	9,300,501	7,179,090
Information systems	315,000	378,969	297,073
Professional services	475,000	691,886	344,331
Travel	153,000	264,184	138,410
<b>Total Expenses</b>	<b>10,449,457</b>	<b>11,644,589</b>	<b>8,928,835</b>
<b>Reimbursable costs</b>			
Project recoveries	1,890,000	6,380,018	2,601,310
Less: Project expenses	(1,890,000)	(6,380,018)	(2,601,310)
<b>Net reimbursable costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual surplus</b>	<b>806,423</b>	<b>793,343</b>	<b>936,059</b>
<b>Accumulated surplus, beginning of year</b>	<b>20,367,018</b>	<b>20,367,018</b>	<b>19,430,959</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 21,173,441</b>	<b>\$ 21,160,361</b>	<b>\$ 20,367,018</b>

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

**Infrastructure BC Inc.**  
**Statement of Changes in Net Financial Assets**  
**For the Years Ended March 31, 2024 and 2023**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 11)	<b>2024</b>	<b>2023</b>
Annual surplus	\$ 806,423	\$ 793,343	\$ 936,059
Acquisition of tangible capital assets	(75,560)	(145,663)	(98,746)
Amortization of tangible capital assets	142,986	158,746	164,601
	<u>67,426</u>	<u>13,083</u>	<u>65,855</u>
Additions to prepaid expenses	-	(198,333)	(167,309)
Use of prepaid expenses	9,202	191,497	123,775
	<u>9,202</u>	<u>(6,836)</u>	<u>(43,534)</u>
<b>Increase in net financial assets for the year</b>	<b>883,051</b>	<b>799,590</b>	<b>958,380</b>
<b>Net financial assets, beginning of year</b>	<b>20,038,173</b>	<b>20,038,173</b>	<b>19,079,793</b>
<b>Net financial assets, end of year</b>	<b>\$ 20,921,224</b>	<b>\$20,837,763</b>	<b>\$20,038,173</b>

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

**Infrastructure BC Inc.**  
**Statement of Cash Flows**  
**For the Years Ended March 31, 2024 and 2023**

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Operating transactions</b>		
Annual surplus	\$ 793,343	\$ 936,059
Non-cash item included in surplus:		
Amortization of tangible capital assets	158,746	164,601
Amortization of deferred lease inducement	(51,900)	(42,506)
	<u>900,189</u>	<u>1,058,154</u>
<b>Changes in non-cash operating balances</b>		
Accounts receivable	(485,461)	128,519
Prepaid expenses	(6,836)	(43,534)
Deferred revenue	(50,320)	50,320
Accounts payable and accrued liabilities	811,536	58,282
	<u>268,919</u>	<u>193,587</u>
<b>Cash provided by (used in) operations</b>	<u>1,169,108</u>	<u>1,251,741</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(145,663)	(98,746)
	<u>(145,663)</u>	<u>(98,746)</u>
<b>Net increase in cash for the year</b>	1,023,445	1,152,995
<b>Cash and cash equivalents, beginning of year</b>	<u>18,573,005</u>	<u>17,420,010</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 19,596,450</u>	<u>\$ 18,573,005</u>

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

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

## **1. Nature of Operations**

Infrastructure BC Inc. (“Infrastructure BC” or the “Organization”) is a company owned by the Province of British Columbia (the “Province”) and is governed by a Board of Directors reporting to its sole Shareholder; the Minister of Finance. The Organization was incorporated under the British Columbia Business Corporations Act in May 2002 as Partnerships British Columbia Inc. and changed its corporate name to Infrastructure BC in August 2020. It has two issued shares, both of which are held by the Minister of Finance.

The Organization’s vision is to improve people’s lives and communities through infrastructure with a mandate to work with owners to deliver complex public infrastructure in an evolving world. Infrastructure BC provides a variety of consulting services to public sector agencies wishing to explore innovative options for building and managing public infrastructure such as highways, bridges, hospitals, public transit and accommodations facilities.

The Organization’s core business is to:

- Provide specialized services in the procurement of major public projects, ranging from advice to business cases, procurement management, and implementation.
- Provide advice on partnership project management, deal structure, risk management, procurement, and the selection and engagement of consultants.
- Foster a positive business and policy environment for successful projects and related activities by continually expanding British Columbia’s and other jurisdictions’ base of knowledge, understanding and expertise in these areas.
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

The Organization’s clients are public sector agencies, including ministries, Crown corporations, local and statutory authorities in British Columbia and other Provinces, and local governments. To serve these clients effectively, Infrastructure BC is also working to build strong relationships with private sector partners such as businesses operating in the infrastructure sector, and legal, financial and other advisors.

Infrastructure BC is exempt from income taxes under the *Income Tax Act*.

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

**2. Summary of Significant Accounting Policies**

**a. Basis of accounting**

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") using guidelines developed by the Public Sector Accounting Board.

**b. Cash and cash equivalents**

Cash equivalents include deposits held in the Ministry of Finance's Central Deposit Program which are recorded at cost plus accrued interest. These deposits earn interest at the prime lending rate of the principal banker to the Province of BC minus 2.0%.

**c. Employee future benefits**

The employees of Infrastructure BC belong to the Public Service Pension Plan (the "Plan"), which is a multi-employer joint trustee plan. This Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service, and highest earnings averaged over five years. Inflation adjustments and the provision of post-retirement health benefits are contingent upon available funding.

The joint Board of Trustees of the Plan determines the required Plan contributions every three years.

The contributions made by Infrastructure BC to the Plan are recorded as an expense for the year.

**d. Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

**2. Summary of Significant Accounting Policies (continued)**

**d. Tangible capital assets (continued)**

- |                           |            |
|---------------------------|------------|
| • Computer software       | 2 years    |
| • Computer hardware       | 3 years    |
| • Furniture and equipment | 5 years    |
| • Leasehold improvements  | Lease term |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Infrastructure BC's ability to provide services.

**e. Prepaid expenses**

Prepaid expenses, which are primarily comprised of annual insurance premiums, deposits and future travel costs, are recognized as expenses over the periods in which the goods are consumed or the services are received.

**f. Deferred lease inducement**

Deferred lease inducement consists of reimbursement of leasehold improvement costs from the lessor. This inducement is deferred and recognized as a reduction to building occupancy expense on a straight-line basis over the term of the lease.

**g. Revenue recognition**

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues. Revenues are recognized as the consulting services are provided and collection is reasonably assured. Project recoveries are recognized when services are performed or when costs are incurred and collection is reasonably assured.

Payments received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or the service performed.

The Corporation adopted PSAS 3400 Revenue effective April 1, 2023, on a prospective basis. There were no changes to revenue recognition accounting policies as a result of the adoption of this new accounting standard.

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

**2. Summary of Significant Accounting Policies (continued)**

**h. Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Reimbursable project expenses are expensed when services are performed or when costs are incurred.

**i. Measurement uncertainty**

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated employee benefits, collection of accounts receivable and the impairment of tangible capital assets.

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

**j. Related party transactions**

A related party disclosure is presented when the following criteria are met:

- A related party exists,
- A transaction occurs between related parties,
- The transaction occurred at a value different from that which would have been arrived at if the parties were unrelated, and
- The transaction has a material financial effect.

Infrastructure BC is related through common ownership to the Province of British Columbia's government ministries, agencies, and Crown corporations (the "Provincial Government"), and these organizations represent the majority of Infrastructure BC's clients. All transactions with Provincial Government entities take place on regular commercial terms.



**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

**3. Accounts Receivable**

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Revenues receivable	\$3,190,924	\$ 2,702,658
Accrued interest	8,533	11,338
	<b>\$ 3,199,457</b>	<b>\$ 2,713,996</b>

There was no provision for doubtful accounts required as at March 31, 2024 and 2023.

The revenues receivable are primarily due from the Provincial Government and entities controlled by the Provincial Government.

**4. Accounts Payable and Accrued Liabilities**

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Accounts payables and accrued liabilities	\$ 1,437,179	\$ 746,558
Salaries and benefits	261,367	150,960
Accrued vacation	259,598	249,090
	<b>\$ 1,958,144</b>	<b>\$ 1,146,608</b>

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
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**5. Employee Future Benefits**

Infrastructure BC and its employees contribute to the Plan in accordance with the Public Sector Pension Plan Act. BC Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. As such, no pension liability for this type of plan is included in the financial statements.

The Plan provides defined pension benefits to employees based on their length of service and salary. The maximum contribution rate for eligible employees was 8.35% (2023: 8.35%). During the year ended March 31, 2024, Infrastructure BC contributed \$690,968 (2023: \$564,849) to the Plan. These contributions are the Organization's pension expense which is included under human resources expense.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The latest valuation as at March 31, 2023 showed that the Plan had a surplus of \$4.5 billion and is 113 percent funded as it had assets of \$38.0 billion and liabilities of \$33.5 billion. The next valuation will be as at March 31, 2026 with results available by the end of 2026.

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
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**6. Tangible Capital Assets**

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2024 Total
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 701,313	\$ 318,235	\$ 893,434	\$ 2,000,159
Additions	-	67,561	9,850	68,252	145,663
Closing Balance	87,177	768,874	328,085	961,686	2,145,822
<b>Accumulated Amortization</b>					
Opening Balance	87,177	612,687	253,859	826,791	1,780,514
Amortization	-	61,324	29,998	67,424	158,746
Closing Balance	87,177	674,011	283,857	894,215	1,939,260
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 94,863</b>	<b>\$ 44,228</b>	<b>\$ 67,471</b>	<b>\$ 206,562</b>

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2023 Total
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 629,074	\$ 291,728	\$ 893,434	\$ 1,901,413
Additions	-	72,239	26,507	-	98,746
Closing Balance	87,177	701,313	318,235	893,434	2,000,159
<b>Accumulated Amortization</b>					
Opening Balance	87,177	563,030	223,227	742,479	1,615,913
Amortization	-	49,657	30,632	84,312	164,601
Closing Balance	87,177	612,687	253,859	826,791	1,780,514
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 88,626</b>	<b>\$ 64,376</b>	<b>\$ 66,643</b>	<b>\$ 219,645</b>

**7. Share Capital**

The authorized share capital is 5,000,000 common shares at no par value. There are two issued shares that are held by the Minister of Finance.

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2024 and 2023**

**8. Expenses by Object**

The entity is a sole purpose organization and therefore does not report by function and does not provide segmented information.

**9. Contractual Obligations**

The Organization is committed to payments under operating leases for premises through 2026/27 as follows:

<b>Year</b>	<b>Amount</b>
2025	581,082
2026	602,016
2027	480,830
2028	394,619
2029	237,069
	<u>\$ 2,295,615</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on March 31, 2029 and August 31, 2026, respectively.

**10. Risk Management**

**a. Fair value of financial instruments**

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of accounts receivable, and accounts payable approximate their costs given their short-term maturities.

**b. Financial management risk objectives and policies**

In the normal course of business, the Organization is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk, liquidity risk, interest rate risk, and other price risk. The Organization's exposure to market and fair value risks has been minimized by keeping its investments in the Ministry of Finance's Central Deposit Program, which

**Infrastructure BC Inc.**  
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**10. Risk Management (continued)**

**b. Financial management risk objectives and policies (continued)**

has an equivalent risk profile to deposits at commercial banks and does not fluctuate in value based on market factors. It therefore does not expose the Organization to any market or value risk. There have been no changes to the risks the Organization is exposed to from the prior year.

**c. General objectives, policies and processes**

The Audit and Risk Management Committee has overall responsibility for the determination of the Organization's risk management objectives and policies.

The Audit and Risk Management Committee has delegated the authority to ensure effective implementation of the objectives and policies of the Organization to the Chief Executive Officer (CEO) and Senior Management Team. The Audit and Risk Management Committee and Board of Directors receives quarterly reporting from the CEO and Senior Management to ensure all processes and policies put in place are effectively meeting the objectives of the Organization.

There have been no changes in the objectives, policies and processes for managing risk from the prior year.

**d. Credit risk**

Credit risk is the risk that the Organization's counterparties will fail to meet their financial obligations to the Organization, causing a financial loss.

Accounts receivable arise primarily as a result of consulting work to governments, ministries, agencies and Crown corporations, therefore, collection risk is low. The Organization does not consider its exposure to credit risk to be material.

**Infrastructure BC Inc.**  
**Notes to Financial Statements**  
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**10. Risk Management (continued)**

**e. Liquidity risk**

Liquidity risk is the risk that the Organization may be unable to generate or obtain sufficient cash in a timely and cost-effective manner to meet its commitments as they come due.

The Organization has in place a planning, budgeting and forecasting process to help determine the funds required to support the Organization's normal operating requirements. The Organization's annual Service Plan and budget are approved by the Board of Directors. The Organization also provides a quarterly revenue forecast to the Audit and Risk Management Committee.

**11. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on January 19, 2023. These budgeted figures were included in the Organization's 2023/24 – 2025/26 Service Plan.

## Appendix C: 2023/24 Consulting Fee Summary Table

In 2023/24, the majority of Infrastructure BC's consulting fees were generated from the following projects:

<b>Project</b>	<b>Delivery Model</b>	<b>Business Case</b>	<b>Procurement</b>
BC Highway Reinstatement Emergency Program including Highway 8	Alliance	No business case was developed for this project	In procurement
Belleville Terminal Redevelopment	Design Build	Business case was completed in 2023/24	In procurement
Burnaby Hospital Redevelopment Phase 2 and BC Cancer Centre	Alliance	Business case was completed in 2022/23	In procurement
Dawson Creek and District Hospital	Progressive Design Build	A final project agreement was reached in 2023/24	
Fraser River Tunnel Replacement	Progressive Design Build with Target Price	Business case was completed in 2022/23	In procurement
George Pringle Secondary School	Design Build	A final project agreement was reached in 2023/24	
Highway 1 to 264 <sup>th</sup> Interchange	Design Build	No business case was developed for this project	In procurement
Jumping Creek to MacDonald Snowshed	Design Build	No business case was developed for this project	In procurement
Kamloops Cancer Centre	Design Build	Business case was completed in 2023/24	In procurement
New Surrey Hospital and BC Cancer Centre	Design Build	A final project agreement was reached in 2023/24	
Plant and Animal Health Centre Replacement	Design Build	Business case was completed in 2023/24	Pre-procurement
Surrey Langley Skytrain - Guideways	Design Build Finance	Business case was completed in 2021/22	In procurement

Surrey Langley SkyTrain – Stations	Design Build	Business case was completed in 2021/22	In procurement
Surrey Langley SkyTrain – Systems and Trackwork	Target Price	Business case was completed in 2021/22	In procurement

During the year, Infrastructure BC also supported the development and or completion of business plans for the following projects:

- Highway 1 264<sup>th</sup> Street to Whatcom Road;
- Belleville Terminal Redevelopment;
- BC Legislative Precinct District Energy System Renewal;
- Cariboo Roads Recovery;
- Kamloops Cancer Centre;
- Long-term care facilities for Northern Health Authority;
- Operations and Maintenance Center 5;
- Plant and Animal Health Centre Replacement; and
- Urban Indigenous Youth and Education.

During the year, Infrastructure BC also provided advisory services during design and construction on the following projects:

- Dawson Creek and District Hospital Replacement;
- Stuart Lake Hospital Redevelopment; and
- Yukon Hospital Corporation.