

THE LEGISLATIVE ASSEMBLY OF
BRITISH COLUMBIA

SELECT STANDING COMMITTEE
ON
CROWN CORPORATIONS



FIRST REPORT
SECOND SESSION, THIRTY-EIGHTH PARLIAMENT

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February 2, 2007

To the Honourable
Legislative Assembly of the
Province of British Columbia

Honourable Members:

I have the honour to present herewith the *First Report* of the Select Standing Committee on Crown Corporations.

The *First Report* covers the work of the Committee from February 20, 2006 to February 2, 2007.

Respectfully submitted on behalf of the Committee.

Iain Black, MLA
Chair

TABLE OF CONTENTS

Composition of the Committee	i
Terms of Reference	ii
Committee Review Process	1
Review of Insurance Corporation of British Columbia	3
Review of British Columbia Securities Commission	8
Review of Partnerships British Columbia	13
Review of British Columbia Lottery Corporation.....	18
Review of British Columbia Hydro and Power Authority.....	24
Review of British Columbia Innovation Council.....	28
Summary of Recommendations	32
Appendix A: British Columbia’s Crown Corporations	34
Appendix B: Key Reporting Principles Considered by the Select Standing Committee on Crown Corporations	39
Appendix C: Documents Distributed.....	40

COMPOSITION OF THE COMMITTEE

MEMBERS

Iain Black, MLA	Chair	Port Moody – Westwood
Guy Gentner, MLA	Deputy Chair	Delta North
Ron Cantelon, MLA		Nanaimo – Parksville
David Chudnovsky (to September 19, 2006)		Vancouver - Kensington
Corky Evans, MLA		Nelson – Creston
John Horgan, MLA (from September 19, 2006)		Malahat – Juan de Fuca
Daniel Jarvis, MLA (to December 4, 2006)		North Vancouver – Seymour
Blair Lekstrom, MLA		Peace River South
Dennis MacKay, MLA		Bulkley Valley – Stikine
Joan McIntyre, MLA (from December 4, 2006)		West Vancouver – Garibaldi
Chuck Puchmayr, MLA		New Westminster
John Rustad, MLA		Prince George – Omineca

CLERK TO THE COMMITTEE

Craig James, Clerk Assistant and Clerk of Committees

COMMITTEE RESEARCHERS

Jonathan Fershau, Research Analyst

Mary Storzer, A/Committee Researcher (to Nov. 30, 2006)

TERMS OF REFERENCE

On February 20, 2006, the Legislative Assembly agreed that the Select Standing Committee on Crown Corporations be appointed to review the annual reports and service plans of British Columbia Crown Corporations.

In addition to the powers previously conferred upon the Select Standing Committee on Crown Corporations, the Committee be empowered:

- (a) to appoint of their number, one or more subcommittees and to refer to such subcommittees any of the matters referred to the Committee;
- (b) to sit during a period in which the House is adjourned and during any sitting of the House;
- (c) to adjourn from place to place as may be convenient; and
- (d) to retain personnel as required to assist the Committee,

and shall report to the House as soon as possible or following any adjournment, or at the next following Session, as the case may be; to deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, the Chair shall present all reports to the Legislative Assembly.

COMMITTEE REVIEW PROCESS

On February 20, 2006, the Legislative Assembly of British Columbia approved a motion instructing the Select Standing Committee on Crown Corporations (the Committee) to review the annual reports and service plans of British Columbia's Crown corporations. In its oversight role, the main objectives of the Committee are to enhance the accountability and improve the performance reporting of British Columbia's Crown corporations.

During the second session of the 38th Parliament, the Committee held eight meetings, including an orientation meeting on March 30, 2006. In addition, the Committee met with senior officials of the Ministry of Finance on May 3, 2006 to review the role and responsibilities of the Crown Agencies Secretariat vis-à-vis the Committee's terms of reference.

For its first report, the Committee opted to review the annual reports and service plans of British Columbia's three largest commercial Crown corporations by revenue — British Columbia Hydro and Power Authority (Dec. 5, 2006); Insurance Corporation of British Columbia (July 17, 2006), and the British Columbia Lottery Corporation (Dec. 5, 2006) — as well as two of B.C.'s newer Crown agencies — Partnerships British Columbia (Nov. 17, 2006) and the British Columbia Innovation Council (Jan. 17, 2007). The Committee also conducted its second review of the performance reports prepared by the British Columbia Securities Commission (Sept. 21, 2006).

Over the course of the second session, the Committee experienced two changes in membership. On September 19, 2006, John Horgan, MLA replaced David Chudnovsky, MLA and on December 4, 2006, Joan McIntyre, MLA was named as a substitution for Daniel Jarvis, MLA. The Committee wishes to convey its thanks to Mr. Jarvis, who was the longest-serving member of the Committee.

The Committee would also acknowledge the continued cooperation of the senior officers of the Crown corporations who appeared before the committee, as well as representatives from the Crown Agencies Secretariat.

Minutes and transcripts of committee meetings, as well as a copy of this report, are available on the Legislative Assembly website at: www.leg.bc.ca/cmt/cc.

BRIEFING – CROWN AGENCIES SECRETARIAT

On May 3, 2006, the Committee received a briefing from Ms. Tamara Vrooman, the Deputy Minister of Finance. Ms. Vrooman informed the Committee that in June 2005, responsibility for the Crown Agencies Secretariat had moved from the Office of the Premier to the Ministry of Finance in recognition of the Secretariat's role in the governance and financial oversight of B.C.'s Crown agencies.

The deputy minister's presentation touched on five areas, including the definition of a Crown corporation; the governance model for Crown corporations; the annual business and reporting cycle; contents of service plans and annual reports; as well as the role of the Crown Agencies Secretariat in the development of service plan and annual reports. A complete list of Crown corporations under the purview of this Committee may found in Appendix A.

COMMITTEE EVALUATION OF PERFORMANCE REPORTING

In reviewing the performance reporting of British Columbia's Crown corporations, the Committee has invited the witnesses of the Crown corporations to respond to five key questions in their presentations. These questions are as follows:

1. What is the mandate of the Corporation?
2. How do the programs and services delivered by the Corporation meet the government objectives outlined in the service plan?
3. What challenges exist in carrying out its mandate?
4. Has the Corporation met its anticipated results (as outlined in the service plans)?
5. How does the Corporation evaluate the success of the programs or services delivered?

Witnesses appearing before the Committee are expected to respond to these questions, referring as appropriate to information presented in the Corporation's most recent annual report and service plan.

Following the witnesses' presentation, committee members may ask the witnesses to elaborate on specific aspects of the corporation's business lines, specific content contained within the annual reports and service plans, or other items related to the Committee's terms of reference.

With respect to the Committee's assessment of specific performance reporting data presented on the Crown corporations' annual reports and service plans, committee members consider the 11 key reporting principles developed by the Committee in the previous parliament (See Appendix B).

REVIEW OF INSURANCE CORPORATION OF BRITISH COLUMBIA

On July 17, 2006, the Select Standing Committee on Crown Corporations met with senior officials of the Insurance Corporation of British Columbia (ICBC) and reviewed the following documents:

- Insurance Corporation of British Columbia, *Annual Report 2005*, and
- Insurance Corporation of British Columbia, *Service Plan 2006-2008*.

CORPORATE OVERVIEW

The Insurance Corporation of British Columbia is currently one of Canada's largest property and casualty insurers, with 40 claim service locations and 21 driver service centres. ICBC's three main lines of business are: mandatory basic universal automobile insurance; optional automobile insurance; and provincial driver licensing, vehicle licensing and registration. ICBC is regulated by the BC Utilities Commission to set mandatory insurance rates.

MEMBERS' INQUIRY

Arising from the presentation made by the Insurance Corporation of British Columbia, the Committee identified the following issues for ongoing monitoring and future review:

- regional issues,
- past management decisions,
- basic and optional coverage, and
- accident mitigation strategies.

The Committee also canvassed the witnesses on a variety of other issues including the scope of regulatory reductions, non-residents purchasing B.C. automobile insurance, capital requirements, and the viability of transferable license plates.

Following the meeting with the senior officers, the Committee posed several additional questions concerning the operations of the Insurance Corporation of British Columbia. The Committee is in receipt of ICBC's written response to the eight additional questions posed by Members.

REGIONAL ISSUES

As the operations of the Insurance Corporation of British Columbia have consequences for the driving public across B.C., Members raised several issues of regional importance. In particular, Members questioned the witnesses on ICBC's rating territories; whether a correlation exists between accident claims and increased forest activity, and ICBC's current claims policy for vehicles insured in rural areas.

Rating territories

Noting that the Insurance Corporation of British Columbia's rating territories may not reflect the substantial changes in community demographics that have occurred over the last 30 years, Members asked for clarification on whether ICBC plans to review or adjust the current rating territories.

The chief executive officer responded that ICBC does not have plans to change their rating territories. The witness added that the appropriate venue for such discussions would be during hearings of the British Columbia Utilities Commission (BCUC) planned for 2007. Should BCUC recommend a change in the rating territories, ICBC would likely comply with any recommendation that does not exceed BCUC's jurisdiction.

Accidents and claims in forestry areas

Assuming increased forestry and related industrial vehicle traffic, particularly associated with the removal of pine beetle wood in British Columbia's interior regions, Members requested information on whether ICBC has observed an increase in either accidents or in insurance claims.

The witness responded that while ICBC has noted a "small uptick" in claims from travel on back roads, the general trend has been a decrease in accidents. The witness added that ICBC's actuaries believe that the increased accidents are likely weather related. Furthermore, the chief executive officer indicated that ICBC is participating in a multidisciplinary approach to trying to reduce crashes and fatalities on the province's logging and resource roads.

Rural vehicle insurance issues

A continued area of interest for this Committee in its examination of ICBC's operations revolves around escalating deductibles for vehicles insured in rural areas. Committee members relayed constituents' concerns regarding the costs and frequency of windshield replacement and animal collision claims required for residents in northern British Columbia. Members also informed the witnesses that they have received many complaints from their constituents over the lack of notification provided by ICBC upon increasing insurance deductibles.

The witnesses responded that ICBC's policy is to require customers with "extensive history of comprehensive or specified peril claims over a three-year period," to self-insure through escalating deductibles, rather than pass those costs on to their neighbours. The witness added that there are other options available for consumers if they are not satisfied with the optional insurance coverage provided by ICBC. However, the chief executive officer also added that ICBC permits its customers to buy back *basic* claims, should they wish to reduce their claims history,¹ an option not permitted by its competitors.

¹ On January 31, 2007, the Committee received the following correspondence from the chief executive officer of the Insurance Corporation of British Columbia, clarifying ICBC's position on re-payment of claims under basic auto insurance:

ICBC's coverages allow customers who are involved in at-fault collisions to re-pay ICBC for associated payments made by ICBC in order to protect their level on the claims rated scale (basic auto insurance). Claims under Comprehensive coverage (Optional insurance) do not impact the claims rated scale and ICBC does not permit repayment of claims under comprehensive, which includes claims such as glass or theft from auto. Also, we (ICBC) are developing ways to notify customers who are nearing a level of comprehensive claims that might put them at risk for an escalated deductible, but changes have not yet been implemented. Currently, ICBC repair authorization forms indicate to customers that any claim could impact a customer's future insurability.

With respect to informing customers on changes to policy coverage, the witnesses stated that ICBC does indeed inform customers when they are approaching or at their claims thresholds, however, he acknowledged that ICBC may be able to do a better job in helping people understand the impact of rising claims costs.

Vehicle Leasing

Referencing constituent concerns that escalating deductibles are hurting leasing opportunities for businesses in northeastern British Columbia, Members asked the chief executive officer whether ICBC was reviewing its policies in order to assist clients working in the service sector.

The witness responded that ICBC is reviewing a number of issues relating to leasing, such as concerns over vicarious liability and replacement cost coverage.

PAST MANAGEMENT DECISIONS

Committee members made several queries into the past management decisions made by the Insurance Corporation of British Columbia. Specifically, Members asked the witness to discuss ICBC's 2001 refund provided to all drivers in the province as well as ICBC's past and current involvement with the Surrey Central City Mall project.

With respect to the rebate provided in 2001, the chief executive officer stated the following:

“We certainly have had to dig our way out of a capital deficiency since 2001. There were a variety of factors that contributed to that. One was the write-off that was associated with the Central City Mall property — in general terms, the restructuring costs that we went through to turn around the corporation and bring our operating costs down from the \$600 million-plus number to just slightly over \$400 million.”

On the Surrey Central City Mall (SCCM) development, Members learned from the board chair that the current ICBC board did “the best that we could with the mall, (to) conclude the development of the tower and complete the mall.” With respect to ICBC's current involvement with SCCM, the witness stated that the project accounts for roughly two percent of ICBC's investment portfolio. The board chair also added that ICBC:

“is not a real estate developer, but we do not plan to get out of owning real estate at all. We are still acquiring real estate, but it's completed real estate with a history that we would buy.”

BASIC AND OPTIONAL COVERAGE

Members asked the witnesses to comment on why in 2005 ICBC's basic coverage (where ICBC has a monopoly) had a net loss of \$208 million while its optional coverage (where it competes with other insurance companies) had a net profit of \$406 million. Members also asked the witness to provide explanations on the rise in bodily claim injuries and how the Corporation is planning to manage and mitigate exposure to bodily injury claims.

The witnesses replied that the vast majority of the costs, such as those relating to bodily injury claims, are covered by the basic coverage. The vice-president of loss management indicated that in

the last 15 years, there have been two spikes in bodily injury claim costs that led to the implementation of new programs to mitigate those increases.

The chief executive officer further indicated that should bodily injury costs continue to escalate at the level of the previous year, it would put ICBC into “difficult territory.” The witness added that as long as ICBC is able to manage bodily injury cost claims, it intends to maintain a “positive net income number.”

Adding to the discussion on injury claims, the witness indicated that one of the factors influencing the upwards spike in bodily injury claims is that ICBC is paying more for past wage loss. In addition, plaintiff counsels’ firms are very organized and are challenging the upper limits for what can be awarded for pain and suffering. Hence, ICBC has developed a new strategy to support customers through their injury and minimize their exposure to inflated claims of this kind..

Members also learned that ICBC is looking into measures such as improved claims handling, fraud prevention, and increased emphasis on road safety — through the deployment of enhanced police enforcement and use of integrated traffic units — to mitigate rising claims costs.

ACCIDENT MITIGATION STRATEGIES

Several committee members acknowledged the assistance provided by ICBC in reducing accidents in local communities. Members raised questions about ICBC’s current positions on programs such as the CounterAttack program as well as red light intersection cameras.

CounterAttack Program

Committee members asked the witnesses to comment on the perception that the CounterAttack is no longer funded by ICBC.

Members learned that ICBC commits one percent of every basic insurance policy to fund traffic enforcement, to a total of \$17 million.

The allocations of those dollars are made by local law enforcement agencies. Local police forces have decided that a more effective strategy is to deploy integrated traffic units. In addition, Members heard that ICBC still funds the advertising program that supports the CounterAttack program and that CounterAttack interventions are still conducted.

Red-light Intersection Cameras

Members also enquired into ICBC’s position on red-light intersection cameras and whether or not they have been effective in reducing accidents.

The witnesses responded that ICBC is supportive of the red-light intersection camera program, stating that it has been shown to be a cost-effective. However, the chief executive officer indicated that the existing cameras are aging, and the Ministry of Public Safety is conducting a review of the program.

OBSERVATIONS ON PERFORMANCE REPORTS

In reviewing the Insurance Corporation of British Columbia, the Committee considered the 11 key reporting principles in its *Guide to Operations* (see Appendix B).

The Committee is pleased to report that with respect to its *Annual Report 2005*, and *Service Plan 2006 – 2008*, ICBC has materially met the expectations of the Committee's performance reporting criteria. In particular, the Committee would like to acknowledge ICBC's commitment reliance on quantitative, and consistent, year-over-year performance measures, as well as ICBC inclusion of a "Strategy Summary" (p. 32, *Service Plan 2006 – 2008*).

COMMITTEE RECOMMENDATIONS

Recommendation No. 1:

The Committee recommends that the Insurance Corporation of British Columbia actively develop a comprehensive strategy to mitigate consumer costs associated with animal collisions and windshield replacement in rural and remote British Columbia.

Recommendation No. 2:

The Committee recommends that the Insurance Corporation of British Columbia confirm the existence of a pro-active process for the notification of consumers of changes in corporate policy concerning optional vehicle insurance coverage.

Recommendation No. 3:

The Committee recommends that the Insurance Corporation of British Columbia continue to work with the Ministry of Transportation to expand the implementation of strategies to reduce collisions between automobiles and wildlife.

REVIEW OF BRITISH COLUMBIA SECURITIES COMMISSION

On September 21, 2006, the Select Standing Committee on Crown Corporations met with senior officials of the British Columbia Securities Commission (BCSC) and reviewed the following documents:

- British Columbia Securities Commission, *Annual Report 2005-2006*, and
- British Columbia Securities Commission, *Service Plan 2006-2009*.

CORPORATE OVERVIEW

The British Columbia Securities Commission has five broad objectives: to ensure that investors have access to the information they need to make informed investment decisions; to establish qualifications and standards of conduct for people to advise investors and to trade on their behalf; to provide rules of fair play for the markets; to educate investors and the industry; and to protect investors and the integrity of the capital markets.

MEMBERS' INQUIRY

Arising from the presentation made by the British Columbia Securities Commission (BCSC), the following issues were identified for ongoing monitoring and future review:

- high profile cases,
- remuneration,
- registration to sell securities,
- culture of compliance, and
- TSX Venture Exchange.

Committee members also canvassed the witnesses on a variety of other issues including an overview of BCSC's enforcement staff and adjudication panel, and specific performance measures.

HIGH PROFILE CASES

Citing recent media attention associated with specific cases before the British Columbia Securities Commission, committee members asked the witnesses to comment whether high profile cases have unanticipated implications for BCSC's service plans.

The chair of BCSC responded that the Commission is in a high-profile business and expects both media and public scrutiny. The chair stated that as an enforcement agency, it is often unable to offer a comment or response to criticism as a particular case may be under investigation. The witness provided the Committee with specific comments on recent activities of the Commission.

In referencing a recent adjudicative tribunal decision to dismiss allegation against Pacific International Securities Inc. — a decision that followed a hearing that lasted 124 days between early 2002 and late 2004 — the chair stated that BCSC will conduct a post-mortem of the case to learn from the experience.

Insta-Cash Loans

Referencing an investigation into Insta-Cash Loans, committee members asked the witnesses several questions relating to BCSC's role in notifying potential investors of unsuitable investments as well as what steps the Commission takes in enforcing a decision. Furthermore, Members asked the witnesses whether any changes to provincial regulations are contemplated to permit earlier notification of potential investors.

In response, the chair explained that while it is "frustrating" not being able to act, BCSC requires evidence before it can shut down a specific operation. However, if BCSC suspects that an investment scheme is operating within a community, the Commission will issue a generic investor alert to local media to warn potential investors.

With respect to enforcing decisions, the witness indicated that BCSC can comment when it lays charges or issues a notice of hearing once it has obtained an evidentiary foundation. BCSC generally will issue a temporary cease-trading order to both alert the public and bring an end to suspicious investment activities.

With regards to whether additional regulatory changes are required to assist BCSC in its "whistle-blowing activity," the Committee learned that the chair believes that the Commission has in place the necessary regulatory framework to support its activities.

REMUNERATION

Committee members asked the board chair of the British Columbia Securities Commission to outline the bonus structure provided for senior officers of the Commission.

Members learned that "other cash benefits" includes performance-based incentives that tie into the objectives which are set through the strategic planning process. Bonuses provided also depend on some key measures set in each of the operating areas. With regards to "other non-cash benefits," committee members learned that these are primarily pension benefits and are a part of the public service pension plan.

Members enquired further into whether the performance measures relating to the criteria "connection to the result of our work" (on page 20 of the service plan) are linked to "other cash benefits." The witnesses responded that these measures are not factored into the incentive plan at the moment, as they are in the developmental stage.

REGISTRATION TO SELL SECURITIES

Committee members asked the Commission's witnesses to outline the process for registering firms and individuals to sell securities in British Columbia and at what intervals the Commission requires individuals and firms to re-submit their applications.

With regard to the registration process for individuals, the witness stated that all individual licensed to sell securities in B.C. must demonstrate an appropriate education, disclose their work history, inform the Commission of any past disciplinary or legal actions against them, and have a criminal record check conducted. The witness added that when a new firm applies, BCSC reviews the firm's available capital, the backgrounds of the principals of the firm, and any operating history from

operations anywhere outside B.C. With respect to the registration of investment dealers, the witnesses reported that BCSC has delegated the registration function to the Investment Dealers Association.

CULTURE OF COMPLIANCE

Noting that the British Columbia Securities Commission must efficiently balance resources within its organization, Members sought information about effective use of rules and creating a culture of compliance. Furthermore, Members queried the witness on who makes the decision on whether a specific rule is effective in terms of both cost and enforceability.

The chair indicated that effective compliance with rules is more likely if firms are familiar with the objectives and applications of rules and explanations. He added that it is possible to spur compliance, protect investors and achieve the goals of regulation by using the tools that are already in place, rather than developing a new policy directive or rule. The witnesses further suggested that it is the investor who pays the costs associated with increased regulation and compliance costs.

With respect to the determination as to whether an enforcement activity is effective, the witness stated that the Commission evaluates its success against its performance measures set out with in its service plan. The chief executive officer added that the Commission is always looking for ways to conduct its business in a more effective manner.

TSX VENTURE EXCHANGE

Committee members sought information about whether the change from the Vancouver Stock Exchange (VSE) to the TSX Venture Exchange has had impacts on the operations of the British Columbia Securities Commission.

The witness responded that alignment with the TSX has made it easier for companies above a certain threshold to raise capital and that those companies will now remain longer on the Venture Exchange — rather than seeking a listing on the Toronto Stock Exchange.

Concerning the operational challenges posed by overseeing the Venture Exchange, the witness remarked that as the Venture Exchange is jointly administered by British Columbia and Alberta Securities Commissions, there has been additional complexity in terms of regulating trading and enforcement activities. However, the witnesses cited a “convergence of views” between the nation’s securities regulators as an optimistic development associated with the merger.

OBSERVATIONS ON PERFORMANCE REPORTS

In reviewing the British Columbia Securities Commission, the Committee considered the 11 key reporting principles in its *Guide to Operations* (see Appendix B). During their internal deliberations, committee members made the following observations:

- 1, 2. The Committee was satisfied that the British Columbia Securities Commission’s annual report and service plan adequately explains and focuses on the organization’s mandate, core products and services, operating environment and major challenges.

3. Members were only partially satisfied that the goals and objectives of the British Columbia Securities Commission are well defined and consistent with and supportive of the achievement of its mandate. In particular, Members expressed some disappointment in BCSC's limited scope of programs associated with investor education (Goal Four).

4., 5. The Committee was partly satisfied that the British Columbia Securities Commission has specified its intended level of performance, and that the performance measures are clear, measurable, concrete and consistent with its goals and objectives. Specifically, the Committee felt that the BCSC's reliance on "Improvement" in year-over-year results for performance reports, does not sufficiently specify an intended level of performance. Members request that future service plan reports provide firm targets for performance measures.

Committee members also note that the goals, objectives, and performance measures used by BCSC appear to be in a constant state of revision between each service plan, thus hindering the Committee's ability to conduct year-over-year analysis.

6. Committee members were only partially satisfied that the service plan demonstrated a reasonable level of achievement given the performance of similar organizations. Members request that the British Columbia Securities Commission examine including comparative performance measurements vis-à-vis other security regulators across Canada.

7. Members were only partly satisfied that the British Columbia Securities Commission demonstrates how resources and strategies will influence results. The Committee expressed some concerns over the resources available to the B.C. Securities Commission for investigating over-the-counter trades in junior companies.

9, 11. Committee members were satisfied that the planned contribution of key activities to intended results is adequately demonstrated and that the relevant core principles enunciated by government policies were evident in the planning and operation of the British Columbia Securities Commission.

10. Committee members were satisfied that the British Columbia Securities Commission's actual (Annual Report) and intended (Service Plan) performance measures are set out in clear comparison. While the Committee recognizes that there are some differences between the goals, objectives and performance measures presented in both the current annual report and service plan, the Committee is satisfied that BCSC will present its reporting information in a harmonized manner in future reports.

COMMITTEE RECOMMENDATIONS

Recommendation No. 4:

The Committee recommends that the British Columbia Securities Commission expand on its current public education strategies to inform a broader cross-section of British Columbians about investment risks.

Recommendation No. 5:

The Committee recommends that the British Columbia Securities Commission implement additional strategies to provide British Columbians more timely notification of fraudulent or illegal investments and unscrupulous investment advisors.

Recommendation No. 6:

The Committee recommends that the British Columbia Securities Commission — having now clearly defined its organization goals and objectives — commit to providing performance targets in future service plan reports that permit year-over-year comparisons of progress.

Recommendation No. 7:

The Committee recommends that the British Columbia Securities Commission provide comparative information on its performance vis-à-vis similar organization in other Canadian jurisdictions.

REVIEW OF PARTNERSHIPS BRITISH COLUMBIA

On November 17, 2006, the Select Standing Committee on Crown Corporations met with senior officials of Partnerships British Columbia (Partnerships BC) and reviewed the following documents:

- Partnerships British Columbia, *Annual Report 2005 – 2006*, and
- Partnerships British Columbia, *Service Plan 2006/07 – 2008/09*.

CORPORATE OVERVIEW

Partnerships BC provides a range of advisory and project management services, including competitive procurement and structuring of public-private partnerships, focusing on the transportation, health, and advanced education sectors.

MEMBERS' INQUIRY

Arising from the presentation made by Partnerships BC, the following issues were identified for ongoing monitoring and future review:

- organizational capacity,
- mitigating risk,
- executive remuneration, and
- client survey results.

The Committee also canvassed the witnesses on the following topics: specific project costs, periodic audits of existing public-private partnerships, and future projects for consideration.

ORGANIZATIONAL CAPACITY

Several committee members posed questions to the witnesses concerning Partnerships BC's outlook for managing an increased workload projected out to 2008/09. In particular, Members were interested in current and future staffing projections, as well as the potential for efficiencies in proposal development and review through increased knowledge transfers.

Current and anticipated staffing requirements

Committee members expressed an interest in hearing from the witnesses on current and future staffing requirements for Partnerships BC. Referencing an October 27, 2006 government news release that all future provincially-funded capital projects with a value in excess of \$20 million must first be considered by Partnerships BC to assess their viability as public-private partnerships, committee members asked the witnesses speculate on whether Partnerships BC currently possesses sufficient staff and other resources to handle the expected increase in activity.

In response, the chief executive officer stated that Partnerships BC is "very sensitive about the head count in our organization," with only a marginal increase in the Corporation's size over the last three years. The witness stated that to date, Partnerships BC has relied on external consultants, rather than a permanent bureaucracy, to handle increased activity.

With regards to the government's recent announcement on the standard for future capital projects, the witnesses stated that Partnerships BC first needed to calculate the number of projects exceeding the \$20 million threshold expected across the province in the upcoming years. The witness affirmed that Partnerships BC will do whatever is required to meet the new capital standard. However, citing the need for a stable working environment for employees, the witness stated reluctance for an expansion in Partnerships BC's permanent staffing compliment.

Knowledge transfer

Several of the Members' questions focused on issues pertaining to internal and external knowledge transfers conducted by Partnerships BC. In particular, Members relayed concerns from the construction industry that the increasing complexity of the proposal process was resulting in additional costs accruing to bidders. In light of the increasing number of projects managed by Partnerships BC, Members asked the witnesses to elaborate on Partnerships BC's plans to streamline and standardized the proposal process.

In addition, Members queried the witnesses on the processes used to disseminate and collect information on best practices in the management of public-private partnerships.

In response, the chief executive officer stated that standardization of the proposal process is critical to lower costs for both Partnerships BC and the project proponents — particularly for smaller, design-build projects. The witness later added that one way in which the organization is lowering costs is through the development of project templates that may be adapted across a variety of project types. Once developed, Partnerships BC retains ownership of the documents and may offer its services at a reduced rate to future projects similar in scope. An additional benefit associated with using existing project templates is that allows for a "consistent position from the province" in assessing different projects.

With respect to inter-provincial and international knowledge transfers on public-private partnership management best practices, the witness responded that Partnerships BC working with Partnerships UK and similar organizations in Canadian provinces to create an Internet-based knowledge bank.

MITIGATING RISK

Members asked several questions pertaining to Partnerships BC's role in mitigating potential public-private partnership risks. Specifically, Members asked the witnesses to elaborate on how Partnerships BC calculates expected benefits, what project and financial controls are in place, and design standards for new infrastructure.

Calculating expected benefits

Noting a difference in the calculation of expected benefits between the Sierra Yoyo Desan resource road project, and other projects such as the Canada Line and Charles Jago Northern Sports Centre, Members asked the witnesses to elaborate on the determinants of expected benefits used by Partnerships BC.

The chief executive officer responded that in determining expected benefits, Partnerships BC calculates both the expected economic benefit of the investment decision as well as the potential benefits resulting from the procurement option vis-à-vis the public sector comparator.

Project and cost controls

Noting the potential for pricing risks due to escalating construction costs and rising interest rates, several committee members asked the witnesses to outline how Partnerships BC ensured that projects under its management direction come in on-time and on-budget.

In reply, the witness stated that one of the key benefits of well-designed public-private partnerships is the ability to transfer a wide variety of project risk to the private sector. Such risks may include those associated with project design, skilled labour shortages, construction scheduling, and long-term project maintenance. Using highway construction projects as an example, the witnesses noted that agency responsible may hold back payments to the private sector partner if contractual obligations are not achieved. Conversely, should a contractor exceed specific design or operational obligations and provided additional benefit to the province, the private sector partner may be eligible for a performance incentive payment.

For all projects, Partnerships BC prepares and discloses a value for money report that outlines the risks associated over a project's life, including the types and financial penalties, payments, and incentives which the private sector partner may receive.

Design standards

Remarking that Partnerships BC's had recently become involved in the construction of health care and sports facilities, some committee members asked the witnesses to provide an explanation on how Partnerships BC can guarantee the province receives a building in satisfactory condition at the conclusion of a long term contract.

The chief executive officer answered that there has been an historical tendency in government to defer maintenance in buildings. In signing a long-term contract to maintain a building to a set standard, the government ensures there will be a significant financial penalty assigned to the contractor should maintenance standards not be met.

REMUNERATION

In light of the government's announcement to have Partnerships BC review all provincial capital contributions in excess of \$20 million for possible public-private partnerships, committee members asked the chief executive officer and the board chair to elaborate on the chief executive officer's anticipated pay and bonus structure.

The chief executive officer responded that he was unsure of how the new government direction would affect his future salary and bonus structure. The witness did, however, state that Partnerships BC compensation philosophy is derivative of both the level of business mandated by the provincial government and the scope of work required.

The board chair added that Partnerships BC contracts an external consultant to conduct yearly compensation reviews. The witness also stated that following a conversation with the Minister of Finance, Partnerships BC's compensation plan will incorporate the new capital procedures put forward by government.

With respect to compensation provided to other employees of Partnerships BC, the chief executive officer stated that the Partnerships BC pays its employees at a competitive industry standard. The witness further stated that when negotiating contracts with industry worth hundreds of millions of dollars, Partnerships BC requires an "A-team working on its side."

CLIENT SURVEY RESULTS

Observing that Partnerships BC had achieved strong results in its 2006 client survey — including highly favourable responses for overall client satisfaction and its understanding of clients' strategic goals and needs — Members asked the witnesses to highlight areas in which clients had indicated that Partnerships BC may need improvement.

The chief executive officer responded that one area of potential improvement cited by clients was for Partnerships BC to expand its in-house technical and management capacities to permit continuity across different projects. The witness added that the organization is providing additional training to its employees

OBSERVATIONS ON PERFORMANCE REPORTS

In reviewing Partnerships British Columbia, the Committee considered the 11 key reporting principles in its *Guide to Operations* (see Appendix B). During their internal deliberations, committee members made the following observations:

- 1, 3. The Committee was satisfied that the plan adequately explains the organization's mandate, core products and services, operating environment and major challenges. Furthermore, committee members were satisfied that the goals and objectives are well-defined, and are consistent with — and supportive of — Partnerships BC achieving its goals, objectives and intended results.

However, it is clear to members of the Committee that in light of the provincial government's announcement that all capital projects in excess of \$20 million are to be reviewed for public-private partnerships, Partnerships BC may have to re-assess both its mandate and core products and services offered.

2. The Committee was satisfied that the plan focuses on aspects of performance that are critical to the organization achieving its goals, objectives and intended results.
- 4, 5. The Committee was only partly satisfied that Partnerships BC's intended level of performance is specified and that the intended results are clear, measurable, concrete and consistent with goals and objectives — as outlined in the service plan report.

In particular, the Committee noted Partnerships BC's propensity to rely on qualitative performance measures (Goal Two: Objectives Two through Four), internal board

assessments of whether results have been obtained (Goal One: Objectives One and Four) , and other measures which do not assist a reader in achieving a clear assessment of the Crown Corporation's operations (Goal Two: Objective 1).

Similar to the comments made with respect to reporting principles one and three (above), the Committee recommends Partnerships BC review, and where appropriate, redefine intended levels of performance and the corresponding measurements.

6. Reflecting that Partnerships BC's being a relatively-new organization, Members were partly satisfied that the plan satisfactorily demonstrates a reasonable level of achievement given historical performance, resources available to the organization, and performance of similar organizations. In the future, it would be helpful to provide additional data contrasting Partnerships BC's performance to organizations with similar mandates in Canada.
- 7, 9. Overall, the Committee was satisfied that the plan had demonstrated how resources and strategies will influence results and that the planned contribution of key activities to intended results are adequately demonstrated.

However, in light of Partnerships BC's increasing responsibilities for reviewing large provincial capital projects and results from the client survey calling for more in-house project management support, some committee members expressed concerns about Partnerships BC's human resource capacity. In particular, Members noted that the significant projected increase in salary and benefits was not accompanied by a corresponding increase in full-time equivalents.

8. Notwithstanding the fact that due to the nature of contract confidentiality it is difficult to assess the success of Partnerships BC in carrying out its mandate, the Committee is satisfied that financial and non-financial performance measures are provided to give an integrated and balanced picture of intended performance.
10. The Committee is satisfied that Partnerships BC has adequately identified and justified the differences presented in the goals, objectives and performance measures between the 2005/06 Annual Report and the 2006/07 – 2008/09 Service Plan.
11. Committee members are satisfied that the core principles enunciated by government policies are evident in the planning and operations.

COMMITTEE RECOMMENDATIONS

Recommendation No. 8:

The Committee recommends that Partnerships British Columbia, in consultation with the government, develop and report on its strategy for evaluating all provincially-funded capital projects in excess of \$20 million.

Recommendation No. 9:

The Committee recommends that Partnerships British Columbia reviews and clearly defines its performance reporting targets and senior management expectation to ensure both that they are measurable and that they reflect Partnerships BC's activities.

REVIEW OF BRITISH COLUMBIA LOTTERY CORPORATION

On December 5, 2006, the Select Standing Committee on Crown Corporations met with senior officials of the British Columbia Lottery Corporation (BCLC) and reviewed the following documents:

- British Columbia Lottery Corporation, *Annual Report 2005 – 2006*, and
- British Columbia Lottery Corporation, *Service Plan 2006/07 – 2008/09*.

CORPORATE OVERVIEW

The British Columbia Lottery Corporation conducts its business through a large network of private sector service partners: lottery retail outlets, commercial bingo halls, and casino facilities service providers.

MEMBERS' INQUIRY

Arising from the presentation made by the British Columbia Lottery Corporation, the following issues were identified for ongoing monitoring and future review:

- performance measures,
- casino security,
- gaming options, and
- education and exclusion program funding.

The Committee also canvassed the witnesses on the following topics: horse racing in British Columbia; the process by which community grants are allocated; executive remuneration; employment diversity; advertising contracts; and projections for the BCLC's operating cost ratio.

PERFORMANCE MEASURES

In reviewing the annual report and service plan prepared by the British Columbia Lottery Corporation, committee members asked several questions pertaining to the Corporation's performance and performance reporting. Specifically, Members queried the witnesses on the following topics: BCLC's efforts to responsibly expand customer loyalty and improve player satisfaction scores; performance results; and assessing casino security.

Player participation and satisfaction

Noting marginal declines in reported player participation and player satisfaction scores, committee members asked the witnesses to outline what these performance indicators measured and how this information is collected. In light of the challenge associated with building player participation and satisfaction rates while guarding against gambling addiction, committee members also asked the witnesses to elaborate on BCLC's responsible gaming strategy.

The chief executive officer responded that player participation is a measure of how many British Columbians had purchased a lottery product in a previous month while player satisfaction is an aggregate value that factors in player satisfaction levels with lottery, casino, and bingo games and

playing environment. In written follow-up material provided to the Committee, BCLC stated the following:

BCLC contracts with an independent research agency, Research International to conduct a “Gaming Watch” tracking study. The study provides comparative data that measures and tracks both player attitudes and play behaviours as well as general population attitudes towards gaming.

When queried by Members to explain the year-over-year decline in player satisfaction, the chief executive officer responded the major causes of player dissatisfaction are driven primarily by two factors: a perception that there exist fewer prizes or a poor personal experience at either a retail or gaming property.

With respect to BCLC’s role in implementing the province’s responsible gaming strategy, the witness stated that while the primary responsibility for the delivering the responsible gaming strategy rests with the gaming policy enforcement branch, BCLC is working to provide consumers with information on how games work and the odds associated with different games to ensure informed choices.

Public support and awareness

Several committee members noted that with respect to *Goal Two: To be a socially responsible and respected organization that has a broad base of public support*, the British Columbia Lottery Corporation had not met its historical projections for all performance measures.

Noting that BCLC had lowered the projected levels of performance for in support of Goal Two between the 2005/06 -2007/08 and 2006/07-2008/09 service plans, Members asked the witnesses to elaborate on how it intends to improve performance on these performance indicators.

In response, the chief executive officer stated that there is not a “quick fix” to the numbers and that:

“It’s going to take a lot of hard work and consistent work over a period of, we believe, probably the next three to five years to be able to better inform the public about what is currently done both in terms of who the beneficiaries of gaming are and, also, the responsible play programs that are in place today.”

Employee engagement

Another area of interest for Members was BCLC’s chosen metric for evaluating its workplace culture. Noting that BCLC had not met its target for “employee engagement” targets in 2004/05, committee members asked the witnesses to outline how employee engagement was being measured.

In response, the chief executive officer stated that employee engagement is a “holistic” measure that incorporates personnel development, providing skills and competencies for lateral movement within the corporation, and allowing for employee recognition. Information pertaining to the development of the measure is collected by an independent agency.

The witness acknowledged that BCLC had set a high standard for evaluating employee engagement — a standard it was unable to obtain in 2004/05. The board chair added that in spite of the results, BCLC was cited as one of the top 100 companies to work for in Canada.

Casino security

One area of trepidation expressed by Members was over a perceived increase in the number of media reports outlining criminal and fraudulent activities associated with licensed gaming operations in British Columbia. Noting that legal gaming in British Columbia generates \$2.25 billion in revenue, Committee members asked the witnesses to elaborate on BCLC's role in ensuring the integrity of B.C.'s gaming operations.

In response, the witness stated that its first "core value" as an organization is to ensure integrity of the games offered, and that the "ways the Corporation conducts business are fair, honest and trustworthy." Although BCLC does not provide measures on security, it is integral and ingrained in its day-to-day operations.

With respect to law enforcement activities in B.C.'s gaming facilities, the witness added that while BCLC funds and sits on the board of the Integrated Illegal Gaming Enforcement Team, the responsibility for investigations and enforcement rests with the Gaming Policy Enforcement Branch in the Ministry of Public Safety and Solicitor General.

GAMING OPERATIONS

In assessing the gaming options provided to British Columbians by the British Columbia Lottery Corporation, Members asked questions pertaining to electronic gaming and the viability of charity bingos in the province.

Internet gaming

An area of continued interest for the Crown Corporations Committee is the growth of Internet gaming. In the Committee's first review of the British Columbia Lottery Corporation in 2002, Members first recommended that the BCLC continue to examine the prospects and growth of Internet gaming — and in particular, its effects of the Corporation's bottom line.

Since the release of the Committee's report in 2002, Members have noted significant growth in the prevalence of on-line (and off-shore) gambling sites. Committee members requested information on BCLC's attempts to monitor on-line gaming participation rates of British Columbians and on BCLC's own foray into electronic gaming.

In response, the chief executive officer stated that there is a small percentage of British Columbians who participate in on-line and unregulated gaming, but added that it is difficult to quantify the exact number of players and money spent. The witness also stated that it is assumed that this small percentage of the population "probably spends a fair bit more money in playing."

With respect BCLC's own on-line gaming programs, the Corporation does operate an on-line gaming site called PlayNow through its corporate webpage. On this site, registered users can purchase lottery and Sports Action tickets as well as participate in "interactive" games. Unlike

unregulated gaming sites, the PlayNow site requires registration (including age verification and residency checks), has a weekly spending limit, and features time clocks to inform customers of how long they have been on the site.

In reviewing its annual report, committee members note that BCLC reported that more than 30,000 British Columbians have registered with PlayNow since 2003 (p. 13).

Bingo

Noting a trend towards flat bingo revenues and the projected growth of community gaming centres presumably at the expense of existing bingo halls, committee members asked the chief executive officer about the future of bingo in B.C. — and in particular, the implications for the charitable sector.

In response, the witness stated that a key component of BCLC's business model is to provide new facilities, food and beverage amenities, and new entertainment amenities to "create a broader gaming portfolio" within the communities. The witness also stated these facility upgrades are required as poor facilities and service are leading to consumers choosing other venues for entertainment spending.

With respect funding of charities, the witness stated that as a result of a government policy decision, charities receiving revenue in 2001 and 2002 are "are protected in terms of the revenue distribution at a flat level of earnings."

EDUCATION AND EXCLUSION PROGRAM FUNDING

Members asked the witnesses to elaborate on the British Columbia Lottery Corporation's role in funding and providing resources devoted to gaming awareness and self-exclusion programs, vis-à-vis the Ministry of Public Safety and Solicitor General. In particular, some Members sought information on whether BCLC had increased program funding for problem gamblers in line with its growth in revenues.

The chief executive officer responded that the amount of funding provided to education programs is determined by the Ministry and not BCLC. The witness added that he thought more could be done in terms of communicating the existence of education and prevention programs already in place.

With respect to the funding of gaming awareness programs, the witness stated that funds requested by the Ministry is between \$3 to \$4 million per year, and are not linked as percentage of revenues generated by the Corporation.

OBSERVATIONS ON PERFORMANCE REPORTS

In reviewing the British Columbia Lottery Corporation, the Committee considered the 11 key reporting principles in its *Guide to Operations* (see Appendix B). During their internal deliberations, committee members made the following observations:

- 1, 3. The Committee was satisfied that the British Columbia Lottery Corporation's *Annual Report* and *Service Plan* adequately explains the organization's mandate, core products and services,

operating environment, and major challenges; and that the goals and objectives are consistent with the achievement of BCLC's mandate.

In particular, Committee members felt the layout of BCLC's 2005/06 *Annual Report* outlined key reporting elements in a clear, concise, and readable manner.

With respect to future discussions on the operating environment, the Committee advises BCLC to continue to monitor the potential impacts associated with out-of-jurisdiction on-line gaming sites.

2. The Committee was only partly satisfied that the British Columbia Lottery Corporation's plans focus on aspects of performance that are critical to the organization achieving its goals, objectives, and intended results. Committee members believe that while the plans clearly articulate how BCLC will achieve targets for *Goal One: To Generate Net Income for the Public Good*, it is less clear how BCLC intends to improve its performance vis-à-vis public trust and support and levels of employee engagement.
4. The Committee is satisfied that the British Columbia Lottery Corporation's intended level of performance for the planning period is specified.
5. The Committee is only partly satisfied that the intended results put forward by the British Columbia Lottery Corporation are clear, measurable, concrete and consistent with their goals and objectives. While the Committee was pleased to see BCLC met or exceeded its performance targets for Goal One, Members noted that BCLC did not meet performance targets for Goals Two and Three.
6. The Committee was mainly satisfied that the intended results represent reasonable and appropriate level of achievement. The Committee believes that the British Columbia Lottery Corporation's achievements relative to primary objectives of revenue, income, and operating ratios are reasonable. Members expressed concerns regarding the reductions in expected levels of performance, particularly relating to the public's support for gaming; the public's support for BCLC; recognition for social responsibility; and recognition of the beneficiaries of gaming as outlined in the 2006/07 – 2008/09 *Service Plan*.
7. The Committee was primarily satisfied that that the British Columbia Lottery Corporation's plans demonstrate how resources and strategies will influence results. Some committee members would like to see additional detail on how BCLC intends to re-vitalize gaming facilities — particularly in smaller, regional centres.
- 8, 9. With respect to whether the British Columbia Lottery Corporations non-financial performance measures provided an integrated and balanced picture and whether planned contributions of key activities will positively influence goals and results, the Committee felt that BCLC's reports required additional information on how the Corporation will enhance public education and social responsibility. However, the Committee was satisfied that the plans provide sufficient detail in how key activities would bolster BCLC's revenues.

10. The Committee commends the British Columbia Lottery Corporation's efforts to ensure that annual report and service plans are set out in a clear comparison.
11. The Committee is satisfied that the core principles enunciated by government policies are evident in the planning and operations. The Committee additionally requests that the British Columbia Lottery Corporation continues to promote information on responsible gaming and social responsibility.

COMMITTEE RECOMMENDATIONS

Recommendation No. 10:

The Committee recommends that the British Columbia Lottery Corporation clearly articulates a strategy for improving its year-over-year performance with respect to Goals Two and Three.

Recommendation No. 11:

The Committee recommends that the British Columbia Lottery Corporation include in its future performance reports information pertaining to lottery and gaming security.

Recommendation No. 12:

The Committee recommends that the British Columbia Lottery Corporation ensures that information on gambling addiction and self-inclusion programs are displayed prominently in all gaming locations.

REVIEW OF BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

On December 5, 2006, the Select Standing Committee on Crown Corporations met with senior officials of the British Columbia Hydro and Power Authority (BC Hydro) and reviewed the following documents:

- BC Hydro, *Annual Report 2006*, and
- BC Hydro, *Service Plan 2006/07 – 2008/09*.

CORPORATE OVERVIEW

BC Hydro is the third-largest electric utility in Canada, and owns a flexible hydroelectric system that delivers low domestic rates and allows for extra-provincial trade. The 2002 Energy Plan (currently being updated) established key strategic directions for BC Hydro, including: a return to cost-based regulation by the BC Utilities Commission; competitive sourcing of new generation from the private sector; outsourcing where cost-effective; new stepped-rate structures for large customers; and the formation of BC Transmission Corporation to plan, operate and maintain BC Hydro's transmission assets.

MEMBERS' INQUIRY

Arising from the presentation made by the BC Hydro, the following issues were identified for ongoing monitoring and future review:

- evaluation of power generation projects,
- future generation projects,
- British Columbia Utilities Commission hearings, and
- power conservation.

The Committee also requested the witnesses respond to the following questions: status of power sales to California; independent power project construction on Crown Land corporate services personnel; a request for BC Hydro to provide power connections to Klondike Silver Corporation (Sandon, B.C.); and prospects for the electrification of the Highway 37 corridor.

EVALUATION OF POWER PROJECTS

Noting BC Hydro's active involvement in issuing calls for domestic power generation projects in 2006, Committee members asked the witnesses a series of questions pertaining to the criteria employed by BC Hydro in selecting various power projects. Specifically, Members made enquiries into BC Hydro's responsibilities vis-à-vis technology selection, environmental approvals and standards, and contract lengths determinations.

With respect to the selection of technology of power projects approved under the 2006 Open Call for Power — and specifically, the selection of coal-fired power projects — the chief executive officer responded that in preparing a call for tender, BC Hydro first enters into stakeholder discussions to determine the size and scope of the call for power, while ensuring the call will result in a sufficient level of production of reliable power. In terms of the technology available for inclusion in the call,

BC Hydro is required to follow the provincial energy plan that establishes that all types of power generation projects (excluding nuclear power) may be considered.

Regarding environmental approvals and standards for power projects, the witness responded that the responsibility for determining the need for, guidelines of, and approval of environmental assessments of power projects rests with the provincial government. However, in reviewing coal-fired power plants in the 2006 Call for Power, BC Hydro established a higher threshold in order to manage potential greenhouse gas-emission risk. In addition, BC Hydro also considered projects that would be eligible for BC Green credits.

With concern to the length of power contracts signed between BC Hydro and independent power producers selected — and the apparent discrepancy between contract and spot market prices — the chief executive officer responded that it is BC Hydro's preference to sign long-term contracts for two key reasons.

First, while spot market prices for electricity are currently below the contracted price, the witness identified that there is uncertainty and risk associated with a reliance on future purchases on the spot market. According to the witness, BC Hydro's customers prefer reduced volatility in electricity pricing.

Second, the chief executive officer stated that at present, the price of electricity is largely dependent on the price of natural gas. In signing long term contracts with a diversity of energy producers, BC Hydro is mitigating the risk associated with a possible future escalation in the price of natural gas.

FUTURE GENERATION PROJECTS

Committee members asked the witnesses questions on several proposals for power generation projects in the medium and long-term. Specifically, Members requested information on BC Hydro's proposals for the Peace River Site C dam, BC Hydro's interest in Columbia Power Corporation's Waneta Expansion Project, and potential bio-mass generation projects.

Peace River Site C dam

One area of ongoing interest for the Crown Corporations Committee is in BC Hydro's plans concerning the Site C dam on the Peace River. Committee members asked the witness to elaborate on the status of this proposed project, and in particular whether BC Hydro would consider a public-private partnership model in its development.

The chief executive officer reiterated that the decision on whether BC Hydro would be responsible for building the Site C project rests with cabinet, as specified in the BC Energy Plan. With respect to the BC Hydro's capacity to build such a project, the witness stated that while BC Hydro has a strong engineering group, it would likely require private sector firms for project construction and design.

Waneta Expansion Project

Noting the Columbia Power Corporation's 435 MW Waneta Expansion Project is currently in "pre-construction development," committee members asked the witnesses whether BC Hydro would have interest in purchasing power from the project.

In response, the chief executive officer stated that BC Hydro is in dialogue with the Columbia Power Corporation and signaled an interest in the project's power outputs if it was "properly-sized and if it makes economic sense." Specifically, the chief executive officer noted that BC Hydro may be interested in the project particularly if the project has local support and can be permitted.

Bio-mass co-generation projects

Remarking on the success of current co-generation projects in place in British Columbia, committee members queried the witness on whether future power calls would permit proposals for customer-based and/or independent power projects utilizing bio-mass or pine beetle wood fibre.

The witness replied that BC Hydro would develop a neutral process to receive proposals for bio-mass-generated power from either independent power producers or from existing customers. However, the witness also stated that such projects would likely have to seek approval from the Ministry of Forests as well as undergo an environmental assessment.

BRITISH COLUMBIA UTILITIES COMMISSION HEARINGS

At the time of the Authority's appearance before the Committee, representatives of BC Hydro were simultaneously preparing for a hearing before the British Columbia Utilities Commission in the matter of the Amended and Restated Long-Term Electricity Purchase Agreement with Alcan Inc. Without prejudicing BC Hydro's submission to the Utilities Commission, committee members asked the witness to provide an explanation on why BC Hydro pursued a long-term power purchase outside of the 2006 Open Call for Power as well for an explanation on the agreed purchase price.

In response, the chief executive officer cited the strategic importance of that power supply and the held assumption that Alcan Inc. would not be interested in participating in the Open Call for Power. In addition, the witness noted the complexity of having Alcan Inc.'s participation in the call while negotiating agreements with the provincial government.

With respect to the purchase price agreed upon between BC Hydro and Alcan Inc., the witness exclaimed that it is BC Hydro's philosophy to purchase long-term contracts "at a price the market would bear," rather than rely on prices set in the spot electricity market.

POWER CONSERVATION

In the Committee's review of the BC Hydro in February 2005, Members had expressed an interest in BC Hydro developing "clear and measurable performance indicators to ensure increased expenditures in the Power Smart program are achieving the desired results." The Committee was pleased to see that BC Hydro has developed two performance measures relating to the Power Smart program and that the Authority was on track to meet its fiscal 2007 electricity savings target of 2,500 GWh per year. Pertaining to power conservation, committee members asked the witnesses to elaborate on BC Hydro's efforts to reduce power consumption in urban areas.

The chief executive officer replied that BC Hydro has initiated a school-based program as well as numerous incentive programs. In addition, the witness stated that the Authority would be undertaking a new program in the Spring of 2007 covering “a number of large areas where we think we should be able to make big changes.”

OBSERVATIONS ON PERFORMANCE REPORTS

In reviewing BC Hydro, the Committee considered the 11 key reporting principles in its *Guide to Operations* (see Appendix B).

The Committee is pleased to report that with respect to its *Annual Report 2006*, and *Service Plan 2006/07 – 2008/09*, BC Hydro has met the expectations of all the Committee’s performance reporting criteria.

COMMITTEE RECOMMENDATION

Recommendation No. 13:

The Committee recommends that the British Columbia Hydro and Power Authority consider the expansion of energy conservation programs.

REVIEW OF BRITISH COLUMBIA INNOVATION COUNCIL

On January 17, 2007, the Select Standing Committee on Crown Corporations met with senior officials with the British Columbia Innovation Council (BCIC), and reviewed the following documents:

- British Columbia Innovation Council, *Annual Service Plan Report, Fiscal Year 2005/06*, and
- British Columbia Innovation Council, *2006/07 – 2008/09 Service Plan*.

CORPORATE OVERVIEW

The British Columbia Innovation Council's activities are focussed on: accelerating commercialization programs for early stage and rapid growth companies; capitalizing and expanding technology transfer by getting research results into commercialization quickly and efficiently; partnering in the development and promotion of a province-wide strategy for science, innovation and technology development; and building public awareness for science and technology.

MEMBERS' INQUIRY

Arising from the presentation made by the British Columbia Innovation Council, the following issues were identified for ongoing monitoring and future review:

- Memorandums of Understandings with China and India,
- competition for investment,
- venture capital markets, and
- innovation in smaller communities.

MEMORANDUMS OF UNDERSTANDING

Noting the government's continued interest in growing markets in Asia-Pacific for B.C. products, committee members asked the witness to provide an overview of a recent Memorandum of Understanding (MOU) with the People's Republic of China to develop opportunities in research and technology. In addition, Members asked the witnesses whether the British Columbia Innovation Council was pursuing a similar agreement with India.

In response, the chief executive officer stated that the objective of the MOU with China is to help British Columbia companies develop and commercialize products for the Chinese market. The board chair added that BCIC's chief operating officer was meeting with representatives of the Chinese Ministry of Technology to discuss tangible product initiatives to benefit both jurisdictions. Similarly, the MOU allows for a Ministry of Technology representative to be stationed in BCIC's offices.

The Committee notes that the priority areas outlined in MOU focus on oceans technology, bio- and medical technology, forestry and forest products, information technology, aquaculture, environment and waste management, and business training.

With respect to agreements with India, the chief executive officer stated that BCIC has an interest in pursuing an agreement with India in the future.

COMPETITION FOR INVESTMENT

Several committee members expressed an interest in learning more about the external challenges faced by British Columbia in the commercialization of innovative ideas.

The chief executive officer responded that the greatest challenge to the development and growth of innovative companies with British Columbia are subsidies offered by competing jurisdictions. The witness cited recent funding announcements in both Quebec and Ontario to support innovation technologies as examples of the challenges faced.

The board chair added that it is important for government to consider the design of programs carefully, as to avoid funding “white elephant programs” focused on bricks and mortar rather than results. Specifically, one area cited by BCIC to encourage investment is in the mentoring and education programs to support in-house marketing and sales personnel to promote products developed in B.C.

VENTURE CAPITAL MARKETS

In reviewing the 2005/06 *Annual Service Plan Report*, committee members observed that the British Columbia Innovation Council has identified that a challenge to the further development of British Columbia’s innovation sector will be a projected decline in available venture capital funding post-2010 (p.13). Furthermore, observing a recent disconnect between surplus venture capital funds and viable business development opportunities within British Columbia, Members asked the witness to elaborate on BCIC’s role in fostering the growth of young technology companies in B.C.

The witnesses responded that the reason for the projected decline in venture capital funding is related to the observed trend for investors to seek out more established companies with both a history and less-speculative business plan, as well as federal barriers that hinder venture capital investment from the United States.

The chief executive officer noted that one of the problems faced by British Columbia’s innovative companies is that they tend to have fewer than five employees and thus, tend to lack both the in-house business management and marketing skills to become viable enterprises over the long-term. Without these resources, small companies are less likely to attract the required venture capital investments. The British Columbia Innovation Council stated its belief that one of its roles is to foster the management skills of B.C.’s innovative companies to allow them to expand and grow their companies.

INNOVATION IN SMALLER COMMUNITIES

One area of interest expressed by committee members was in the role the British Columbia Innovation Council plays in promoting innovative industries in the various regions around the province. A concern held by one Member is that BCIC may inadvertently be playing a role in the consolidation of high-tech employment in the province’s major urban centres.

In response, the board chair highlighted that a shift in demographics — not technology alone — is resulting in fewer young people living in B.C.'s smaller communities. The witness stated that while Vancouver has traditionally been the hub of British Columbia's innovation and technology, BCIC has observed that companies are now beginning to explore opportunities in Victoria and the Okanagan.

The chief executive officer further added that the British Columbia Innovation Council supports projects throughout the entire province. The \$1.964 million Science and Technology Fund supports the base operations for seven regional councils as well as six university-industry liaison offices.

OBSERVATIONS ON PERFORMANCE REPORTS

The Committee recognizes that the British Columbia Innovation Council is a relatively new Crown corporation. BCIC was created in October 2004 as a merger between the Innovation and Science Council of BC and the Advanced Systems Institute of BC, and as such, has not developed nor provided internally-developed performance targets in the Council's 2005/06 *Annual Report* or the 2006/07 – 2008/09 *Service Plan*.

In its presentation to the Committee in January 2007, BCIC presented the results of performance measures developed in previous reports by the Innovation and Science Council of British Columbia. Based on the information provided by the witnesses at the meeting, the Committee is satisfied that BCIC has met its performance reporting requirements in the 2006/07 – 2008/09 *Service Plan*.

However, due to the lack of performance measures contained in BCIC's most-recent performance report, the Committee is reluctant to complete a full assessment of BCIC's performance reporting based on the Committee's 11 key reporting principles. Nonetheless, the Committee does wish to make the following general observations on the reporting direction of BCIC.

- In general, the Committee is satisfied that the British Columbia Innovation Council's reports adequately show the organization's mandate, core services, and major challenges; and that its goals and objectives are consistent with, and support of the achievement of BCIC's mandate.
- The Committee is satisfied that the British Columbia Innovation Council's future annual reports and service plans will set out actual performance (annual reports) and intended performance (service plan) in a clear comparison.
- Members of the Committee are satisfied that core principles enunciated by government policies are evident in the planning and operations of the British Columbia Innovation Council.

With respect to the development of specific performance targets and results, the Committee appreciated the update provided by the witnesses. Based on the evidence provided by the chief executive officer, the Committee makes the following observations on BCIC's proposed performance measures for consideration:

- Several of the performance measures selected by the British Columbia Innovation Council appear to be only short-term in nature and may not be conducive to year-over-year performance reviews. For example, the Committee questions whether by continually identifying and supporting new sectors (performance measure 1.1, as listed in the presentation), BCIC will be able to concentrate on the key sectors already identified.
- The Committee advises the British Columbia Innovation Council to, where possible and pragmatic, outline the benefits and monetary values associated with future research and development / science and technology program delivery contacts managed or delivered by the Council.
- With respect to objective 1.3: “To increase understanding of and benchmarking of British Columbia’s performance in technology and innovation,” the Committee is unclear as to how “instances of advice / recommendations provided to government,” can be evaluated. The Committee believes that it may be helpful to quantify what kind of advice is provided by using a metric such as research or information reports prepared for government, and briefly highlight these in the British Columbia Innovation Council’s annual report.

COMMITTEE RECOMMENDATION

Recommendation No. 14:

The Committee recommends that the British Columbia Innovation Council re-assess the performance measures highlighted in the Committee’s “Observations on Performance Reports” section, to ensure that its performance measures are clear, measurable, and relevant, and thus provide an accurate assessment of BCIC’s operations.

SUMMARY OF RECOMMENDATIONS

The Committee recommends that:

1. the Insurance Corporation of British Columbia actively develop a comprehensive strategy to mitigate consumer costs associated with animal collisions and windshield replacement in rural and remote British Columbia.
2. the Insurance Corporation of British Columbia confirms the existence of a pro-active process for the notification of consumers of changes in corporate policy concerning optional vehicle insurance coverage.
3. the Insurance Corporation of British Columbia continue to work with the Ministry of Transportation to expand the implementation of strategies to reduce collisions between automobiles and wildlife.
4. the British Columbia Securities Commission expand on its current public education strategies to inform a broader cross-section of British Columbians about investment risks.
5. the British Columbia Securities Commission implement additional strategies to provide British Columbians more timely notification of fraudulent or illegal investments and unscrupulous investment advisors.
6. the British Columbia Securities Commission — having now clearly defined its organization goals and objectives — commit to providing performance targets in future service plan reports that permit year-over-year comparisons of progress.
7. the British Columbia Securities Commission provide comparative information on its performance vis-à-vis similar organization in other Canadian jurisdictions.
8. Partnerships British Columbia, in consultation with the government, develop and report on its strategy for evaluating all provincially-funded capital projects in excess of \$20 million.
9. Partnerships British Columbia reviews and clearly defines its performance reporting targets and senior management expectation to ensure both that they are measurable and that they reflect Partnerships BC's activities.
10. the British Columbia Lottery Corporation clearly articulates a strategy for improving its year-over-year performance with respect to Goals Two and Three.
11. the British Columbia Lottery Corporation include in its future performance reports information pertaining to lottery and gaming security.
12. the British Columbia Lottery Corporation ensures that information on gambling addiction and self-inclusion programs are displayed prominently in all gaming locations.
13. the British Columbia Hydro and Power Authority consider the expansion of energy conservation programs.

14. the British Columbia Innovation Council re-assess the performance measures highlighted in the Committee's "Observations on Performance Reports" section, to ensure that its performance measures are clear, measurable, and relevant, and thus provide an accurate assessment of BCIC's operations.

APPENDIX A: BRITISH COLUMBIA'S CROWN CORPORATIONS

The Select Standing Committee on Crown Corporations is responsible for reviewing the annual reports and service plans of British Columbia's 27 Crown Agencies.

Since the Committee's last report, several covered Crown Agencies reviewed in the previous parliament have discontinued operations. These include:

- British Columbia Buildings Corporation
- Organized Crime Agency of British Columbia, and
- Land and Water British Columbia Inc.

In addition, the British Columbia Utilities Commission was determined by the Crown Agencies Secretariat as no longer meeting the definition of a Crown Corporation, as it "is a tribunal and is not a separate legal entity to government; therefore not required to produce Annual Reports and Service Plans."²

The Crown Agencies Secretariat provided the Committee with an overview of the operations of each of British Columbia's Crown corporations as of May 3, 2006. The Committee has reprinted this information in Table 1 for information purposes only.

Table 1: British Columbia's Crown Corporations

Crown Corporation	Minister Responsible	Overview
British Columbia Assessment Authority	Minister of Small Business and Revenue ▪ Hon. Rick Thorpe	The B.C. Assessment Authority (BCA) assesses the market value for over 1.7 million properties. These assessments are used to generate property tax revenue for local, regional and provincial governments. BCA is wholly funded through its annual operating levy, and does not receive operating grants or funding from any level of government
BC Games Society	Minister of Tourism, Sport and the Arts ▪ Hon. Stan Hagen	The BC Games Society provides opportunities at BC Summer and BC Winter Games for the development of athletes, coaches, volunteers and officials.
British Columbia Housing Management Commission	Minister of Forests and Range and the Minister Responsible for Housing ▪ Hon. Rich Coleman	BC Housing services include administration of standardized housing, direct management of public housing and providing assistance to clients renting in the private market. BC Housing facilitates housing for the most vulnerable through: <i>Independent Living BC</i> , the <i>Provincial Housing Program</i> , the <i>Provincial Homelessness Initiative</i> , and <i>Community Partnership Initiatives</i> .

² Communication provided Molly Harrington, Acting Chief Executive Officer, Crown Agencies Secretariat, April 6, 2006

Crown Corporation	Minister Responsible	Overview
British Columbia Hydro and Power Authority	Minister of Energy, Mines, and Petroleum Resources <ul style="list-style-type: none"> ▪ Hon. Richard Neufeld 	BC Hydro is the third-largest electric utility in Canada, and owns a flexible hydroelectric system that delivers low domestic rates and allows for extra-provincial trade. The 2002 Energy Plan (currently being updated) established key strategic directions for BC Hydro, including: a return to cost-based regulation by the BC Utilities Commission; competitive sourcing of new generation from the private sector; outsourcing where cost-effective; new stepped-rate structures for large customers; and the formation of BC Transmission Corporation to plan, operate and maintain BC Hydro's transmission assets.
British Columbia Innovation Council	Minister of Advanced Education <ul style="list-style-type: none"> ▪ Hon. Murray Coell 	The BC Innovation Council's activities are focussed on: accelerating commercialization programs for early stage and rapid growth companies; capitalizing and expanding technology transfer by getting research results into commercialization quickly and efficiently; partnering in the development and promotion of a province-wide strategy for science, innovation and technology development; and building public awareness for science and technology.
British Columbia Lottery Corporation	Minister of Public Safety and Solicitor General <ul style="list-style-type: none"> ▪ Hon. John Les 	The British Columbia Lottery Corporation conducts its business through a large network of private sector service partners: lottery retail outlets, commercial bingo halls, and casino facilities service providers.
B.C. Pavilion Corporation	Minister of Tourism, Sport and the Arts <ul style="list-style-type: none"> ▪ Hon. Stan Hagen 	The B.C. Pavilion Corporation owns and operates two public facilities (BC Place Stadium and the Bridge Film Studios), and operates the Vancouver Convention Centre & Exhibition Centre, which it leases from the Government of Canada. Its core business is the active marketing, sales, and management of space in its facilities for film production, conventions, trade and consumer shows, sporting and other events.
British Columbia Railway Company	Minister of Transportation <ul style="list-style-type: none"> ▪ Hon. Kevin Falcon 	With the completion of the CN partnership in July 2004, BCRC is disposing of non-rail assets, including Vancouver Wharves (assumed 2007, subject to further consultation with government related to the <i>Ports Strategy</i>), and approximately 400 surplus properties. The Port Subdivision will be retained to continue to provide neutral access to the port facilities at Roberts Bank
British Columbia Securities Commission	Attorney-General <ul style="list-style-type: none"> ▪ Hon. Wally Oppal 	The British Columbia Securities Commission has five broad objectives: to ensure that investors have access to the information they need to make informed investment decisions; to establish qualifications and standards of conduct for people to advise investors and to trade on their behalf; to provide rules of fair play for the markets; to educate investors and the industry; and to protect investors and the integrity of the capital markets.

Crown Corporation	Minister Responsible	Overview
British Columbia Transit	Minister of Transportation <ul style="list-style-type: none"> ▪ Hon. Kevin Falcon 	BC Transit's program involves 50 local government partners and the Victoria Regional Transit Commission. BC Transit services are provided through contracts with 20 private sector operating companies, 13 non-profit agencies and four local governments. Approximately 40 million passengers are carried annually. BC Transit's fleet of 710 buses, minibuses and vans serves 70 transit systems.
British Columbia Transmission Corporation	Minister of Energy, Mines, and Petroleum Resources <ul style="list-style-type: none"> ▪ Hon. Richard Neufeld 	The British Columbia Transmission Corporation (BCTC) is a public utility regulated by the BC Utilities Commission. BCTC became financially separate from BC Hydro on April 1, 2005. Capital expenditures associated with transmission assets owned by BC Hydro are reported in BC Hydro's Service Plan and Annual Report
Columbia Basin Trust	Minister of Economic Development <ul style="list-style-type: none"> ▪ Hon. Colin Hansen 	The Columbia Basin Trust uses income derived in power projects (50 percent in joint ventures managed by Columbia Power Corporation) and other non-power investments to deliver benefits to residents in the Columbia Basin.
Columbia Power Corporation	Minister of Energy, Mines, and Petroleum Resources <ul style="list-style-type: none"> ▪ Hon. Richard Neufeld 	The Columbia Power Corporation (CPC) manages power project joint ventures with the Columbia Basin Trust. Since 1994, CPC has purchased and upgraded the Brilliant Dam, constructed the Arrow Lakes Generating Station and power line, constructed the Brilliant Terminal Station, is constructing the Brilliant expansion, and is the permitting stage for the Waneta Expansion.
Community Living British Columbia	Minister of Children and Family Development <ul style="list-style-type: none"> ▪ Hon. Tom Christensen 	Services for children and adults are delivered for Community Living British Columbia through an extensive network of contracted community-based not-for-profit and private agencies that provide family support, residential, day services, life skills and employment support. Professionals and individual contractors also deliver support and services such as therapy and behaviour support to individuals and families.
First Peoples' Heritage, Language and Culture Council	Minister of Aboriginal Relations and Reconciliation <ul style="list-style-type: none"> ▪ Hon. Mike de Jong 	The Council administers its program through an advisory council that represents each of the 24 Tribal Councils in British Columbia.

Crown Corporation	Minister Responsible	Overview
Forestry Innovation Investment Ltd.	Minister of Forests and Range and the Minister Responsible for Housing ▪ Hon. Rich Coleman	Forestry Innovation Investment Ltd. fulfills its mandate through two main business areas: market development programs (comprising international marketing, market access, product development, China market development, mountain pine beetle, and domestic market development) and the BC Market Outreach Network
Homeowner Protection Office	Minister of Forests and Range and the Minister Responsible for Housing ▪ Hon. Rich Coleman	Responsibilities of the Office include: administering the residential builder and building envelope renovator licensing system; monitoring the performance of 3 rd party home warranty insurance providers; research and education for the residential construction industry and consumers; and administering and delivering financial assistance for owners of leaky homes in the form of the Reconstruction Loan Program — the Province's PST Relief Grant program.
Insurance Corporation of British Columbia	Minister of Public Safety and Solicitor General ▪ Hon. John Les	The Insurance Corporation of British Columbia (ICBC) is currently one of Canada's largest property and casualty insurers, with 40 claim service locations and 21 driver service centres. ICBC's three main lines of business are: mandatory basic universal automobile insurance; optional automobile insurance; and provincial driver licensing, vehicle licensing and registration. ICBC is regulated by the BC Utilities Commission to set mandatory insurance rates.
Industry Training Authority	Minister of Economic Development ▪ Hon. Colin Hansen	The Industry Training Authority is responsible for implementing new industry-led training and provides services to industry and trainees and apprentices. It focuses primarily on governance of the industry training system. Program development, training delivery and client services are executed largely through partnerships and third-party service delivery arrangements.
Legal Services Society	Attorney General ▪ Hon. Wally Oppal	The Legal Services Society (LSS) is registered as non-profit organization. LSS offers a continuum of services that includes legal representation, advice, information, education and advocacy. Services are delivered by staff at regional centres and through the toll-free LSS Call Centre and LawLINE. Private lawyers who accept LSS referrals provide representation services.
Liquor Distribution Branch	Minister of Public Safety and Solicitor General ▪ Hon. John Les	The Liquor Distribution Branch (LDB) is headquartered in Vancouver with over 200 stores throughout the province and two warehouses (Vancouver and Kamloops). LDB has two main business lines: distribution and retailing of beverage alcohol. Government has implement a mixed retailing system, which includes the private sector retailing of beverage alcohol in B.C.

Crown Corporation	Minister Responsible	Overview
Oil and Gas Commission	Minister of Energy, Mines, and Petroleum Resources <ul style="list-style-type: none"> ▪ Hon. Richard Neufeld 	The Oil and Gas Commission provides three core services: assessing applications for oil and gas activities and issuing approvals where appropriate; ensuring industry compliance with legislative, regulatory and permit-specific requirements; and actively consulting with First Nations on applications and operations. OGC is fully financed by the oil and gas industry through fees and levies.
Partnerships British Columbia	Minister of Finance <ul style="list-style-type: none"> ▪ Hon. Carole Taylor 	Partnerships BC provides a range of advisory and project management services, including competitive procurement and structuring of public-private partnerships, focusing on the transportation, health, and advanced education sectors.
Provincial Capital Commission	Minister of Tourism, Sport and the Arts <ul style="list-style-type: none"> ▪ Hon. Stan Hagen 	The core business of the Provincial Capital Commission includes: delivery of outreach and engagement programs to celebrate the Capital; and stewardship of its commercial heritage and open space properties.
Royal British Columbia Museum	Minister of Tourism, Sport and the Arts <ul style="list-style-type: none"> ▪ Hon. Stan Hagen 	The Royal British Columbia Museum (RCBM) has a mandate to preserve and provide education about the human and natural history of British Columbia, and fulfill the Government's fiduciary responsibilities for public trusteeship of collections and exhibits. RBCM manages the Royal BC Museum, the Cultural Precinct facilities and the Provincial Archives.
Tourism British Columbia	Minister of Tourism, Sport and the Arts <ul style="list-style-type: none"> ▪ Hon. Stan Hagen 	Tourism British Columbia's functions include: marketing to increase B.C. tourism revenues; visitor services to optimize the B.C. visitors' experience; enhancement of tourism accommodation, facilities, services and amenities standards; and industry development to assist new and emerging tourism product businesses, communities and sectors.
Vancouver Convention Centre Expansion Project	Minister of Tourism, Sport and the Arts <ul style="list-style-type: none"> ▪ Hon. Stan Hagen 	The Vancouver Convention Centre Expansion Project (VCCEP) is a special purpose, project-specific, provincially-held company incorporated under the <i>Company Act</i> . VCCEP is designing, constructing, and commissioning an expansion to the existing Vancouver Convention and Exhibition Centre, with funding supplied by British Columbia, Canada, and Tourism Vancouver.

APPENDIX B: KEY REPORTING PRINCIPLES CONSIDERED BY THE SELECT STANDING COMMITTEE ON CROWN CORPORATIONS

Questions	Yes	Partly	Not at all	Comments
1. Does the plan adequately explain the organization's mandate, core products and services, operating environment and major challenges?				
2. Does the plan focus on aspects of performance that are critical to the organization achieving its goals, objectives and intended results?				
3. Are the goals and objectives well defined and consistent with and supportive of the achievement of the mandate?				
4. Is the intended level of performance for the planning period specified?				
5. Are the intended results clear, measurable, concrete and consistent with goals or objectives?				
6. Has the plan demonstrated satisfactorily that intended results represent a reasonable/appropriate level of achievement given: <ul style="list-style-type: none"> • Historical performance, • Resources available to the organization, and • Performance of similar organizations? 				
7. Does the plan demonstrate how resources and strategies will influence results?				
8. Are financial and non-financial performance measures provided to give an integrated and balanced picture of intended performance?				
9. Is the planned contribution of key activities to intended results or goals/objectives adequately demonstrated?				
10. Are actual (Annual Report) and intended (Service Plan) performances set out in a clear comparison?				
11. Are the relevant core principles enunciated by Government policies evident in the planning and operations?				

Other General Comments:

APPENDIX C: DOCUMENTS DISTRIBUTED

May 3, 2006 Meeting: Crown Agencies Secretariat

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to Crown Agencies Secretariat, April 25, 2006.
- Deputy Minister and Secretary to Treasury Board, Ministry of Finance, PowerPoint presentation, May 2, 2006.

July 17, 2006 Meeting: Insurance Corporation of British Columbia

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to the Insurance Corporation of British Columbia, May 25, 2006.
- Insurance Corporation of British Columbia, *Annual Report 2005*, May 25, 2006.
- Insurance Corporation of British Columbia, *Service Plan 2006 – 2008*. May 25, 2006.
- Select Standing Committee on Crown Corporations, Meeting postponement notice, June 9, 2006
- Select Standing Committee on Crown Corporations, Letter of Invitation re-sent to the Insurance Corporation of British Columbia, June 21, 2006.
- Insurance Corporation of British Columbia, PowerPoint presentation, July 13, 2006
- Insurance Corporation of British Columbia, Request for minor amendments to July 17, 2006 meeting transcript, July 21, 2006.
- Select Standing Committee on Crown Corporations, E-mail confirming incorporation of minor edits within the July 17, 2006 meeting transcript, July 24, 2006.
- Select Standing Committee on Crown Corporations, Request for additional materials by members, November 20, 2006
- Insurance Corporation of British Columbia, Follow-up materials provided by the Insurance Corporation of British Columbia, December 11, 2006
- Insurance Corporation of British Columbia, Request for an addendum to the July 17, 2006 Hansard transcript concerning optional coverage on glass claims, January 24, 2006.
- Insurance Corporation of British Columbia, Further clarification on the request for an addendum to the July 17, 2006 Hansard transcript concerning repayment of claims to basic insurance, January 31, 2007.

September 21, 2006 Meeting: British Columbia Securities Commission

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to the British Columbia Securities Commission, September 6, 2006.
- British Columbia Securities Commission, *Annual Report 2005/06*, September 7, 2006.
- British Columbia Securities Commission, *Service Plan 2006/09*, September 7, 2006.
- British Columbia Securities Commission, PowerPoint presentation, September 19, 2006.

- Select Standing Committee on Crown Corporations, Confirmation on requested information process, November 17, 2006.

November 17, 2006 Meeting: Partnerships British Columbia

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to Partnerships British Columbia, September 20, 2006.
- Partnerships British Columbia, *Annual Report 2005/06*, November 3, 2006.
- Partnerships British Columbia, *Service Plan Report 2006/07 – 2008/09*, November 3, 2006.
- Partnerships British Columbia, PowerPoint presentation, November 14, 2006.

December 5, 2006 Meeting: British Columbia Lottery Corporation

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to British Columbia Lottery Corporation, September 21, 2006.
- Select Standing Committee on Crown Corporations, Meeting postponement notice, September 27, 2006.
- Select Standing Committee on Crown Corporations, Confirmation of new meeting date and time, October 13, 2006.
- British Columbia Lottery Corporation, *Annual Report 2005/06*, November 14, 2006
- British Columbia Lottery Corporation, *Service Plan Report 2006/07 – 2008/09*, November 14, 2006.
- British Columbia Lottery Corporation, Audited Financial Statements, Fiscal 2005/06, November 14, 2006.
- British Columbia Lottery Corporation, PowerPoint presentation, November 29, 2006.
- Select Standing Committee on Crown Corporations, Request for additional materials by members, December 8, 2006.
- British Columbia Lottery Corporation, Follow-up materials provided by the British Columbia Lottery Corporation, January 3, 2007.

December 5, 2006 Meeting: British Columbia Hydro and Power Authority

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to British Columbia Hydro and Power Authority, May 18, 2006.
- Select Standing Committee on Crown Corporations, Meeting postponement notice, June 2006.
- Select Standing Committee on Crown Corporations, Confirmation of new meeting date and time, September 20, 2006 (meeting time amended October 10, 2006).
- British Columbia Hydro and Power Authority, *Annual Report, 2006*, November 29, 2006
- British Columbia Hydro and Power Authority, *Service Plan, 2006/07-2008-09*, November 29, 2006.

- British Columbia Hydro and Power Authority, Shareholder's letter of expectations (July, 2006), November 29, 2006.
- British Columbia Hydro and Power Authority, PowerPoint presentation, December 4, 2006.

January 17, 2006 Meeting: British Columbia Innovation Council

- Select Standing Committee on Crown Corporations, Letter of Invitation sent to British Columbia Innovation Council, November 1, 2006.
- British Columbia Innovation Council, Meeting postponement notice, November 2, 2006.
- Select Standing Committee on Crown Corporations, Confirmation of new meeting date and time, November 20, 2006.
- British Columbia Innovation Council, *Annual Report 2005/06*, December 7, 2006.
- British Columbia Innovation Council, *Service Plan 2006/07 – 2008/09*, December 7, 2006.
- British Columbia Innovation Council, PowerPoint presentation, January 12, 2007.