



2010/11 - 2012/13
CROWN CORPORATION
SERVICE PLAN
GUIDELINES

September 2009

**SERVICE PLAN GUIDELINES FOR CROWN CORPORATIONS
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INTRODUCTION

The *Budget Transparency and Accountability Act (BTAA)* provides the legislative framework for planning, reporting, and accountability for government organizations. The *BTAA* stipulates that three-year service plans and annual reports for Crown corporations must be made public annually.

A service plan is the guiding document for a Crown corporation Board of Directors, who are responsible for ensuring that the plan is consistent with government's strategic priorities, incorporates the mandate and policy expectations contained in the Shareholder's Letter of Expectations between the Minister responsible and the Crown corporation, and meets the reporting and accountability obligations set by government. The plan should enhance the public's understanding of the core business of the Crown corporation, the services provided, the actions planned, and the expected results.

A good service plan should be:

- meaningful to multiple audiences;
- comprehensive – covering all significant aspects of performance without being excessively wordy or long; and,
- transparent – documenting the basis for selecting the performance measures, any changes to the way performance is being or will be measured and disclosing why management has confidence in the reliability of data to be used for measuring performance.

A service plan is the Crown corporation Board of Director's document, as the Board is ultimately accountable for the Crown corporation's performance. However, because the Minister responsible for the Crown corporation is required under the *BTAA* to table the service plan in the Legislature, the Minister will review and provide input into the plan prior to its being finalized. This review ensures that the plan is consistent with the *BTAA* requirements, the government's fiscal plan, and Cabinet's direction to the Crown corporation through the Shareholder's Letter of Expectations, Memorandum of Understanding, ministry policy direction or other means. The Minister responsible must also approve the final service plan.

After being tabled, service plans may also be reviewed by the Office of the Auditor General, the Select Standing Committee on Crown Corporations, and/or the Select Standing Committee on Public Accounts.

New for 2010/11

- Slight rewording of the accountability statement;
- Risk reporting to be consolidated in one area of the plan;
- Similar to the instruction on the 2009/10 – 2011/12 Service Plan Update, Crown corporations are not to include FTE information in their service plans;
- Additional information on ministry staff review process included in the guidelines – see section B.4; and,

- Timelines have been adjusted from last year to reflect the 2010 Budget Day date of March 2 (see Key Dates table below).

Areas of continuing emphasis

- Requirement to include an explanation of why specific target levels were chosen and how achieving them will help to demonstrate success in meeting goals;
- The Crown corporation's progress in identifying external benchmarks; and,
- Enhanced subsidiary financial information, including 2008/09 actual results, forecast for 2009/10, and budgeted revenues, expenditures and net income for 2010/11 – 2012/13, and/or a brief discussion of inoperative subsidiaries.

Reminder: Crown corporations are not required to print any copies of their service plans for government use; Queen's Printer will print and distribute copies for Budget Day.

KEY DATES	
December 31, 2009	Draft service plans sent to Crown Agencies Secretariat (CAsE) (six largest commercial Crown corporations – see Appendix A for list) or ministry responsible (all others) for review
January 8, 2010	CAsE/ministry send comments back to Crown corporations on draft service plans
January 22, 2010	Draft service plan, incorporating CAsE/ministry's comments, submitted to Minister responsible for review and input
January 22, 2010	Final board-approved financials and forecasts submitted to Treasury Board Staff (TBS). (Crown corporations should ensure that service plans submitted match financial information in the government fiscal plan – must consult with ministry EFO/TBS)
Before February 16, 2010	Smaller commercial and all taxpayer supported Crown corporations send their Board and Minister-approved service plans in PDF to their ministry contacts
February 16, 2010	Final Board and Minister-approved service plans e-mailed by Crown corporations (six largest commercial Crown corporations) or ministry (all other Crown corporations) to CAsE in PDF format. CAsE will coordinate with Queens Printer for printing.
March 2, 2010	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on the same day the budget is tabled

Purpose of these Guidelines

The purpose of the Service Plan Guidelines for Crown Corporations is:

- to advise Crown corporations on the information that should be included in their 2010/11 - 2012/13 service plans; and,
- to assist them to develop service plans that are consistent with the intent of the BC Reporting Principles and BTAA requirements for content and comparability of service plans between Crown corporations.

These guidelines apply to the commercial and service delivery (taxpayer-supported) Crown corporations listed in Appendix A.

Definitions

The following definitions have been specifically adopted for the purpose of these guidelines:

- **Crown corporations** are government organizations that are within the Government Reporting Entity and subject to the BTAA. Crown corporations are required to table service plans unless exempted by the Lieutenant Governor in Council.
- **Subsidiaries** of Crown corporations are also government organizations in the Government Reporting Entity and are subject to the BTAA. Crown corporations must report on their subsidiaries either in the parent organization's service plan or file a separate service plan for each subsidiary.
- **Operating segments** include business units or other component of a Crown corporation:
 - that engage in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization);
 - for which discrete financial information is available; and,
 - where revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.

Crown corporations are expected to report on the financial results of operating segments in their service plans.

See section A.11 for a full list of subsidiary and operating segment disclosure requirements.

BC Reporting Principles

B.C.'S REPORTING PRINCIPLES

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgements

The BC Reporting Principles have been adopted by the BC government as a methodology for performance planning and reporting for ministries and Crown corporations. Since 2003/04, all ministries and Crown corporations have been required to incorporate the reporting principles into their service plans and annual reports. Crown corporation service plans and annual reports are subject to review against these principles by the Office of the Auditor General and the Legislature and its Committees.

The intent of the reporting principles is to provide a general frame of reference to assist organizations in the preparation of service plans and annual reports. The principles are designed as a tool to help organizations plan, manage and report their performance throughout the planning and reporting cycle, and should be integrated into organizations' ongoing management practices.

The eight reporting principles are not intended to form the outline of a service plan or annual report. They are an approach to presenting information, and should be incorporated generally throughout the body of the plan or report, rather than each principle being reported on separately. Incorporating the reporting principles consistently into service plans gives readers additional confidence in the relevance and reliability of the information presented, and a better understanding of what the organization intends to accomplish and why.

If you are unfamiliar with the Reporting Principles, it is recommended that you review the detailed information and examples of the use of the BC Reporting Principles available at (http://www.gov.bc.ca/cas/attachments/performance_reporting_principles_2003.pdf).

Informational Appendices

Appendices C - F at the back of the guidelines are intended to provide additional information on specific elements of service plans (performance measures, targets, benchmarking and risk/capacity).

A. MINIMUM CONTENT REQUIREMENTS

1. KEY ELEMENTS

This section provides an overview of the key elements to be included in each Crown corporation's service plan. A checklist is provided in Appendix B so that Crown corporations and ministry staff reviewing service plans can compare draft service plans with the minimum content requirements.

Section 13 of the BTAA states that a service plan for a Crown corporation must be consistent with the government's strategic priorities and fiscal plan and must include:

- a statement of goals;
- specific objectives and performance measures;
- information on major capital project plans (if applicable); and,
- other information as appropriate.

In addition, Section 19(3) of the BTAA states "the information contained in a service plan and annual report under this Act for one organization must be readily comparable to information contained in the service plans and annual reports of other organizations to which this Act applies".

The following list identifies the minimum content requirements of 2010/11 - 2012/13 service plans for Crown corporations:

- Letter from Board Chair to Minister Responsible (including Accountability Statement)
- Table of Contents
- Organizational Overview
- Corporate Governance
- Strategic Context
- Goals, Strategies, Performance Measures, Targets, Benchmarks, and Description of Performance Management Systems
- Shareholder's Letter of Expectations
- Summary Financial Outlook
- Capital Plan and Major Capital Projects
- Subsidiary/Operating Segment Summary Information
- Contact Information

Crown corporations should ensure that the minimum content requirements listed in these guidelines are included in their service plans, and that they adhere to the definitions and general directions included in these guidelines. As well, using the format, headings, order and templates noted in these guidelines adds to the comparability of service plans to those of other Crown corporations, as is required by the BTAA.

The minimum content requirements list is not intended to prevent Crown corporations from including other information they consider necessary for transparent and comprehensive reporting. However, Crown corporations should keep in mind the need to keep service plans concise and readable.

2. **MESSAGE FROM BOARD CHAIR TO MINISTER RESPONSIBLE (INCORPORATING ACCOUNTABILITY STATEMENT)**

The intent of this message is to provide a high-level summary (similar to an executive summary) to the Minister and the public of the key elements of the Crown corporation's service plan from the perspective of the Board. The message should include:

- a brief overview of the significant activities that are expected over the three-year planning period;
- the main focus of planning for the 2010/11 year;
- a summary of any major changes that have occurred in the organization since the last service plan was published or that are expected in the current year;
- a brief description of expected market and industry issues;
- significant risks, opportunities, successes and challenges that the organization expects to face during the planning period, what the effect on planned activities could be, and how the organization plans to mitigate the risks or take advantage of the opportunities;
- a description of the organization's future outlook, including any plans to address recent policy direction from government or significant industry or organizational changes; and,
- an accountability statement.

The message should be signed by the Board Chair, on behalf of the Board.

Crown corporations are required to include an accountability statement in their service plans as part of the Message from the board Chair. Accountability statements affirm the Board's responsibility for the service plan, and provide assurance to the reader on the relevance, reliability, accuracy and completeness of the information contained in the service plan.

The accountability statement should include the following points:

- confirmation that the plan was prepared in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles;
- confirmation that the plan is consistent with government's strategic priorities and fiscal plan;
- confirmation that the Chair/Board is responsible for the information contained in the plan;
- a statement regarding the Chair/Board's basis for confidence in the financial and performance-based information included in the plan; and,
- the basis on which the information was prepared and any changes in information or presentation from the previous year.

Sample Accountability Statement

The 2010/11 - 2012/13 [Organization XX] service plan was prepared under [my/the Board's] direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. [I am/The Board is] accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of [xx] date have been considered in preparing the plan. The performance measures presented are consistent with [Organization XX's] mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of [Organization XX's] operating environment, forecast conditions, risk assessment and past performance.

Note: CAsE recognises that service plans are often prepared by the CEO and staff under the Board's direction. Accordingly, Boards have the option of revising the language in the sample accountability statement above to reflect the actual process by which the Board has reviewed and approved the draft plan prepared by management.

3. TABLE OF CONTENTS

The Table of Contents should list each of the sections in the service plan, including any elements such as the message from the Board Chair to the Minister responsible that may appear before the Table of Contents page.

4. ORGANIZATIONAL OVERVIEW

The organizational overview section should include a succinct summary of the nature of the organization's business, the public purpose served by the organization and the services provided.

Information in this section should include a brief description of:

- enabling legislation (i.e. enabling statute, Business Corporations Act or Society Act);
- legislated mandate;
- vision;
- values;
- the organization's core business areas;
- the benefit or service the organization provides to the public, including how the services are delivered (i.e. by the organization or by a partner/third party);
- any significant changes in business areas or program delivery since the previous year;
- principal partners, clients and stakeholders; and,
- location of operations.

Crown corporations are encouraged to add a hyperlink to additional information on their websites if they would like to provide more detail on any aspects of the organizational overview than is included in the service plan.

5. CORPORATE GOVERNANCE

This section should provide information on the organization's system of governance including:

- the role and membership of the Board of Directors of the organization;
- the purpose and membership of each Board Committee;
- the names and job titles of senior management teams of the organization; and,
- the organization's governance principles.

(For subsidiary governance reporting see section A. 11)

Example of Board Governance Principles from a Previous Service Plan (*from BC Housing Management Commission*):

The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- Act honestly, in good faith and in the best interests of BC Housing;
- Exercise care, skill and diligence in decision making; and,
- Follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

Crown corporations are also required to disclose in their service plans whether or not the Board governance information on their websites includes all information required by the Board Resourcing and Development Office's board governance disclosure requirements for Crown corporations as listed in Section 3 of the Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations. (The Best Practice Guidelines can be referenced at <http://www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf>. See pages 33 - 41 for the list of disclosure requirements.)

Crown Corporations should also include in this section of their service plans a hyperlink to the full board governance disclosure on their websites.

6. STRATEGIC CONTEXT

This section should succinctly discuss the organization's planning context and key strategic issues, including documenting the major trends and anticipated changes that are likely to have an impact on the organization's planning in the next three years.

Operating environment information in this section should identify:

- any shifts in the internal operating environment that are expected to have a significant effect on results in the next three years (i.e. reorganization, expansion, divestiture of non-core business operations, changes or enhancements to information systems, changes in products or services, etc.); and,

- economic and industry factors, trends, opportunities and challenges that will have a significant favourable or unfavourable impact on performance. Crown corporations should work with Ministries to ensure that they use the same economic assumptions for interest rates, inflation, etc. that government does; assumptions are provided by Treasury Board Staff.

Service plan documentation on risks and opportunities should include:

- a list of the significant financial and operational risks and opportunities (e.g. technological change, dependence on major suppliers or customers, interest rate fluctuations, environmental risks, regulatory issues, changes in access to markets, etc.) that could potentially impact the organization's performance during the planning period;
- an assessment of the likelihood and potential magnitude of these risks and opportunities;
- the potential impact of the risk or opportunity on planned results; and,
- how the organization plans to monitor, address or mitigate the impacts.

Example of Risk Discussion from a Previous Service Plan (*from Industry Training Authority*):

Key Strategic Issues	Status and Potential Impacts	Plans to Address; Linkages to Goals and Measures
Supply/Demand Alignment	Current economic conditions may result in at least short-term moderations in skilled-labour demand, although this impact will be offset by demographic trends (e.g. high retirement levels). This creates considerably less certainty as to what level of certifications will best align with labour-market demand within particular timeframes, and creates a risk of over or under-supply.	Total participation levels and end-point supply related outcomes (certificates of qualification issued) are among the performance measures in this plan, and targets have been set (and will be refined as necessary) based on the recent trends, current economic outlooks and industry input with respect to anticipated needs. The addition of a measure relating to post-completion employment in the trades will indicate any emerging supply/demand misalignment
Essential Skills	Research strongly suggests that essential-skills (i.e. literacy and numeracy) deficiencies are common barriers to entry into and completion of industry training and certification.	The ITA is developing an Essential Skills Strategy, aimed at providing enhanced opportunities for essential-skills enhancement on the part of potential and current industry-training participants. Components will be implemented in partnership with different levels/types of training providers. Outcomes tracking will be an element of the strategy, and it will contribute to overall participation growth.

Capacity refers to the organization's ability to achieve its future intended results with its current combination of staffing and funding levels, technology and other infrastructure – aspects such as skills shortages, succession planning, and aging technology. Information on capacity that should be provided in this section includes:

- an assessment of the organization's current capacity to meet its planned results;
- how it intends to increase or retain capacity (if it has or expects to have insufficient capacity to meet its goals); and/or,
- any adjustments to goals or targets that may be required due to capacity issues.

Discussion of Capacity Issues from a Previous Service Plan (*from BC Transmission Corporation*):

Organization and People

Operating, maintaining, building and planning the transmission system requires special skills and years of experience to develop senior technical and management expertise. Like other electric utility companies, BCTC is at risk of losing critical skills as a result of the volume of workforce retirements. The highest vulnerabilities are in engineering skills and management. Over the past year, BCTC's workforce experienced a decrease in the average age as a result of attracting younger applicants to the company, particularly to the Operator Trainee and Engineer Development programs. BCTC's current average age of employees is consistent with the median age of Canadian transportation and utility companies. The percentage of employees eligible to retire now and over the next 10 years has also decreased. This is attributed to employees who elected to retire in F2008 as a result of the consolidation of the control centres. BCTC's attrition rate is slightly higher than the average turnover rate of Canadian transportation and utility companies (6.9%). BCTC will continue to be in strong competition for a limited supply of talent. Given a predictable and high level of demand for skills, BCTC continues to focus its effort to increase its supply of job candidates from sources such as universities and internal development.

Appendix F presents more information on risk and capacity, including additional examples.

7. GOALS, STRATEGIES, MEASURES, TARGETS AND BENCHMARKS

This section of the service plan should provide the reader with a clear understanding of what the Crown corporation intends to accomplish during the three-year planning period, why it is important to the organization, and how it intends to achieve its plans.

In this section, organizations should include information on:

- the goals, strategies, measures and targets that describe the most critical aspects of the organization's performance, and provide a balance between the organization's most significant financial and non-financial activities;
- a description of why the goals, strategies and measures chosen are of critical importance to the organization, and how they relate back to its mandate;
- an explanation of why the specific target levels included in the report were chosen (were they based on benchmarks, industry standards, past performance, client demand or trend analysis?), and how they will help to demonstrate the organization's success in achieving its goals;

- any changes to the goals, strategies, measures and targets since the previous service plan and the reasons for the changes;
- information on performance management and reporting systems that will be used to track results; and,
- what benchmarking comparisons are planned.

The following table shows a format to report goals, strategies, measures, and targets in a concise and readable way:

GOAL							
STRATEGIES							
1.							
2.							
3.							
PERFORMANCE MEASURES			TARGETS				
			2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2012/13
1.							
2.							

Goals

Most organizations include between three and five goals in their service plans, choosing the critical goals that focus on the most significant areas of the organization's business.

Goals should flow from and support the organization's enabling legislation, mandate, and government direction. When goals and results are clearly linked, the reader can see the logical flow an organization has followed from its vision and mandate, to its goals and strategies, and through to its performance measures and targets.

Examples of Goal Statements from Past Service Plans:

- Environment and Safety - continually improve our environmental and safety management performance (*from BC Transmission Corporation*)
- Business Effectiveness – continue to seek out improvements to operating efficiencies in a climate of constant change (*from BC Liquor Distribution Branch*)
- Operational Efficiency - supports and services needed by adults with developmental disabilities and their families are provided in a cost-effective and equitable manner (*from Community Living BC*)

Strategies

Strategies are the activities that an organization plans to undertake to accomplish its goals. An organization should ideally include not more than four strategies per goal, focussing on those of highest importance to achieving the goal.

Examples of Strategies from Past Service Plans:

- Identify actionable and credible labour market indicator data sources, and utilize these data sources to more precisely define industry demand (*from Industry Training Authority*)
- Ensure uniformity and quality in the assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province (*from BC Assessment Authority*)
- Provide clients with information about legal aid services and their rights early in the process (*from Legal Services Society*)

Performance Measures

Performance measures are the indicators of output, process or outcome that the organization plans to track and measure in order to determine how successful the organization has been in achieving its goals. An organization should include between one and three performance measures per goal. In determining which measures to choose, Crown corporations should keep in mind that the chosen measures should be substantially attributable to the activities of the organization, should include both financial and non-financial measures, should include outcome measures where possible, and should demonstrate how successful the organization has been at achieving its goals. Crown corporations should focus on their key performance measures in service plans – other performance measures can be tracked in internal business plans.

Appendix C presents more information on performance measures.

Examples of Performance Measures from Past Service Plans:

- Number of complaints and tips received as a result of InvestRight investor education and outreach programs (*from BC Securities Commission*)
- Percentage of homeless individuals accessing housing who remain housed six months after placement (*from BC Housing Management Commission*)
- Financial contribution of key partners to activities partially funded by FII (*from Forestry Innovation Investment Ltd.*)

Targets

Targets document the quantifiable performance levels the organization plans to attain in each year of the planning period, and track the organization's intended progress toward the achievement of specific goals.

Each performance measure must have an associated target. Crown corporations should include a brief description of the reason for choosing specific targets (i.e. based on past performance, benchmarks, industry standards, survey results, etc.).

Examples of Performance Measures and Targets from Past Service Plans:

Performance Measures	Targets			
	Baseline	2008/09	2009/10	2010/11
• Overall customer satisfaction (<i>from Oil and Gas Commission</i>)	89%	87%	89%	91%
• Employee engagement (<i>from BC Liquor Distribution Branch</i>)	80%	75%	80%	80%
• Percent of BC public aware of BCSC (<i>from BC Securities Commission</i>)	42%	47%	50%	52%

Example of Discussion of how Target was Set from Past Service Plan (*from Industry Training Authority*):

The 2009/10 target has been set using a similar rolling average methodology, and remains aggressive (9% growth). This is due to the less immediate impact of economic conditions on this aspect of performance. Continued but more modest growth is projected going forward in the expectation that two factors – development of progressive program models that may result in acquisition of more than one credential, and completion by apprentices who may have more flexibility to pursue technical training during an economic downturn – will compensate for the negative impact of economic conditions on certification.

A more detailed discussion of targets can be found in Appendix D.

Performance Management Systems

Organizations should include a description in this section on the performance management and reporting systems they use to track results. This information should be included within the measures and targets section. The information should include:

- a description of the sources of data used in performance measurement (internal computer systems, third party sources, manual systems, estimates, calculations made to produce the data, etc.); and,
- a discussion of how management ensures that the data being used to track performance is accurate and can be relied on (reviewed by internal audit, strong internal controls, testing and documentation of systems, outside verification, verification of third party information, etc.), including an explanation of any limitations to the accuracy and reliability of the data (use of estimates, etc.).

Performance Management System Discussion from Previous Service Plan (*from BC Transmission Corporation*):

BCTC is diligent in ensuring the accuracy and reliability of performance information. Before a measure is chosen, historic data relating to the measure is reviewed to confirm the availability, thoroughness and accuracy of source data. Financial information is provided through BCTC's audited financial results, while environmental and safety results are captured through BCTC's reporting systems in these areas. Reliability data are gathered in BCTC's operational databases and analyzed for the purpose of internal and external reporting. The employee and stakeholder surveys are conducted by third parties. Internal reporting of results, including data collection and review of monthly performance, is done by staff trained in performance measurement. Results are subject to executive management review. Wherever possible, BCTC seeks independent validation of performance results. Sources of independent validation include the Human Resources, Safety and Environment Committee of the Board of Directors, which reviews performance results quarterly.

Benchmarking

Benchmarking is used by organizations to evaluate and improve performance, allowing for an objective comparison of their performance to that of comparable organizations. When included in service plans and annual reports, benchmarking:

- allows readers to determine whether the organization's performance is improving, deteriorating or remaining the same relative to past performance or comparable public and private sector organizations;
- highlights areas that may require improvement or where the organization performs particularly well; and,
- provides readers with a sense of how attainable the organization's chosen targets are.

Benchmarks can be based on the performance of a particular business area, industry standards, the performance of similar organizations, or internal comparators.

In this section, organizations should disclose the benchmarks they will be using to assess their results against, who they will be benchmarking against, and what they will be reporting out on in their annual reports.

If no comparable benchmark information has yet been identified, this should be disclosed, and the organization's research into and progress in identifying suitable benchmarks documented.

Example of Benchmark Discussion from Past Service Plan (*from Industry Training Authority*):

A NOTE ON BENCHMARKING

Industry training authorities with comparable mandates exist in other Canadian and foreign jurisdictions, and are potential benchmarking peers for the ITA. However, the current validity of direct performance-outcome comparisons is limited by wide variation with respect to: training system and program structures; definitions and methodologies relating to specific performance measures; and prevailing economic conditions and industry needs. Accordingly, the application of external benchmarking in the development of this service plan was limited. Targets are, however, informed by internal benchmarking (i.e. the ITA's own performance in previous periods). The ITA is participating in a Canadian Council of Directors of Apprenticeship initiative to develop a national performance-management framework that is expected to incorporate benchmarking, and may serve to overcome the above-noted limitations. Two sets of external benchmark-based disclosures are included in ITA annual reports: i) ITA performance on two key measures (total participation and credentials awarded) relative to that in four other Canadian jurisdictions (selected based on a reasonable degree of comparability and availability of information); and ii) BC pass rates on Red Seal exams relative to national pass rates. Benchmarking is given wider application as a management tool in the context of system-wide funding allocations and third-party service delivery arrangements, and informs ITA performance expectations relative to Industry Training Organizations and training providers. The ITA continues to assess feasible benchmarking opportunities, in such potential contexts as e-learning and Multiple Assessment Pathways.

See Appendix E for further discussion of benchmarks.

8. SHAREHOLDER'S LETTER OF EXPECTATIONS

This section should include a description of the specific government direction set out in the Crown corporation's most recent Shareholder's Letter of Expectations (other than action planned on climate change and carbon neutrality initiatives, the general SLE direction that pertains to all Crown corporations does not need to be included), and the Crown corporation's planned actions to address that direction. This information should be presented in table form.

This section should also document any additional direction from government received since the latest SLE was issued.

Example of Table Showing SLE Direction and Crown Corporation's Actions Planned
(from Columbia Power Corporation):

Letter of Expectations Direction	CPC Alignment
<p>Climate Change Contribute to the BC Provincial Government's climate action objectives and comply with requirement for Crown agencies to achieve carbon neutrality by 2010</p>	<p>On January 5, 2009 CPC submitted a Carbon Neutral Plan to the Climate Action Secretariat. Specific actions are to:</p> <ul style="list-style-type: none"> • Identify and measure GHG emissions from stationary, mobile, fugitive and indirect sources. • Develop specific plans to reduce GHG emissions, such as: completing its head office renovations in accordance with the LEED Gold standard
<p>Waneta Expansion Develop and bring forward by March 31, 2008, for consideration and review by the Shareholder, an update on the status of the Waneta Expansion Project</p>	<p>CPC is advancing the Waneta Expansion Project to a final Go/No Go decision by finalizing power sales, entitlement and financing arrangements and by obtaining and evaluating proposals from construction contractors.</p>
<p>Columbia Basin Trust Continue to work with Columbia Basin Trust to increase efficiency and reduce the cost of power development and management activities</p>	<p>CPC has:</p> <ul style="list-style-type: none"> • Adopted a shared reception position with CBT; • Shared CBT IT resources; • Utilized CBT's surplus building space; • Started to explore revisions to existing management agreements with CBT

9. SUMMARY FINANCIAL OUTLOOK

This section should include:

- previous year's actual, current year's forecast and budget for the next three years' revenues and expenses by core business area (program, product or service);
- major sources of revenues (funding source or type of revenue) and expenses (expenditures broken down by salaries, rent, amortization, program expenses, etc.);
- net income;
- total debt;
- retained earnings;
- capital expenditures;
- key assumptions and financial risks considered in setting the projections;
- sensitivity analysis (for larger organizations); and,
- future financial outlook.

Note: All budget information documented in the service plan must be consistent with that approved by government. Crown corporations are accountable for ensuring that financial information for each of the three years included in their service plans has been approved by government, and that any planned deficit spending or use of retained earnings has been approved in advance by Treasury Board. Ministry staff reviewing draft service plans should work with Treasury Board Staff to ensure that the financial information is consistent with the financial information in the government's fiscal plan.

The following format is the recommended template for the Summary Financial Outlook in the 2010/11 – 2012/13 Service Plans:

(\$m)	2008/09 actual	2009/10 (forecast)	2010/11 (budget)	2011/12 (budget)	2012/13 (budget)
Total Revenue (by core business area)					
Major sources of funding or revenue					
Total Expenses (by core business area)					
Major types of expenditure					
Net income (loss)					
Total Debt					
Retained earnings					
Capital Expenditures					

The amount of financial detail required in this section will depend on the level of complexity of the organization. For example, smaller Crown corporations may not need to split revenues and expenditures by core business area, and are not required to provide a sensitivity analysis. Crown corporations with subsidiaries or operating segments should include separate financial information for each subsidiary or operating segment.

Key Assumptions

In this section, the plan should include a list of key assumptions underlying the summary financial outlook, including what assumptions about future trends, markets, etc. were considered when forecasting the financial outlook. Any assumptions regarding future funding and the effect any changes in funding would have on financial projections should also be disclosed.

Sensitivity Analysis

Larger Crown corporations should also include a sensitivity analysis showing the financial repercussions of risks or changes in assumptions.

Example from Previous Service Plan with Financial Assumptions, Impacts and Management Strategies (from Columbia Power Corporation):

Risk	Issue/Impact	How Managed
Plant Reliability	<p>If the Arrow Lakes Generating Station plant outage factor were to increase by one percentage point, revenues and net income would decline for \$324,000 in 2009/10.</p> <p>If the Brilliant Expansion plant outage factor were to increase by one percentage point, revenues and net income would decline by \$320,000 in 2009/10.</p>	<p>Plant outage risk for the Brilliant facility is transferred to FortisBC Inc. As the power purchaser/plant operator. Machinery and equipment at BRX have two years remaining on manufacturer warranties. All power projects also carry business interruption, property and liability insurance.</p> <p>Optimal plant operations and maintenance is overseen by CPC.</p>
Attracting and Maintaining Key Staff	<p>CPC requires the organizational capacity to effectively manage all existing and new facilities.</p>	<p>CPC is working at establishing HR strategies and compensation plans to keep and attract key staff to its consolidated head office in Castlegar. CPC will be evaluating its long-term plant operational philosophy as a part of its restructuring.</p> <p>The restructuring plans include the clear accountability and objectives of key staff.</p> <p>A succession plan is being developed.</p>

For all Crown corporations, a brief description should also be provided for any significant changes in assumptions or forecast risks and sensitivities between planning years or from the previous year's service plan.

Future Financial Outlook

This section should include a summary discussion of management's perspective on the future financial outlook for the planning period, including anticipated organizational changes, market volatility, recent government direction, or expected changes in funding.

10. CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

This section reflects statutory requirements under the BTAA that Crown corporations that have made commitments or anticipate making commitments in excess of \$50 million towards the capital cost of a project during the planning period must disclose this information in their service plans. In such cases, the service plan should include a hyperlink to the Major Capital Project Plan prepared under the BTAA, and a brief discussion of project status and cost/schedule.

Crown corporations should also include information in this section on their overall capital program, including:

- total spending;
- a discussion of significant projects planned; and,
- main types of planned capital spending (computer systems, infrastructure, machinery, etc.).

Example Disclosing Types of Capital Spending (*from Royal BC Museum*):

This year we will complete capital projects started in 2007 to upgrade our buildings for life safety and to ensure we retain Category “A” status for major exhibits. We will:

- Upgrade environmental controls in the temporary gallery to ensure temperature and humidity conditions are appropriate to preserve the collections and ensure we are able to continue housing certified Canadian cultural property, and that we qualify for grants and insurance indemnification associated with hosting international traveling exhibits;
- Replace aging elevators that have not been replaced since their original construction in 1969; and,
- Replace the marble cladding on the exterior of the buildings

11. SUBSIDIARY AND OPERATING SEGMENTS INFORMATION

Subsidiary Disclosure Requirements

For each subsidiary, the Crown corporation is required under the *Budget Transparency and Accountability Act* to separately disclose:

- subsidiary name;
- primary business;
- high level goals (if different from parent corporation);
- governance structure, including Board members (or a statement that the Board is the same as that of the parent corporation);
- senior management team;
- previous year’s actual, current year’s forecast and next three years’ budgeted revenues, expenses and net income; and,
- any planned capital expenditures.

If the subsidiary has a website, a link should be included.

For inactive subsidiaries, at least the subsidiary’s name, primary business, operational status, and reason for operational status should be disclosed.

Operating Segment Disclosure Requirements

For each operating segment, the Crown corporation should disclose, either separately or as part of its summary financial outlook section:

- previous year's actual, current year's forecast and the next three years' budgeted revenues, expenses and net income; and,
- any planned capital expenditures.

Example from a Previous Service Plan with Operating Segment Financial Disclosure (from BC Lottery Corporation):

REVENUE \$ millions	2006/07 ACTUAL	2007/08 ACTUAL	2008/09 TARGET	2008/09 FORECAST	2009/10 TARGET	2010/11 TARGET	2011/12 TARGET
Lottery	\$983.1	\$958.2	\$980.0	\$953.0	\$975.0	\$982.0	\$990.0
eGaming	14.3	18.7	28.0	22.0	34.0	43.0	54.0
Casino	1,208.9	1,322.1	1,400.0	1,369.4	1,457.0	1,529.0	1,550.0
Community Gaming	218.9	260.2	240.0	267.0	299.0	309.0	323.0
Gross Revenue	\$2,425.2	\$2,559.2	\$2,648.0	\$2,611.4	\$2,765.0	\$2,863.0	\$2,917.0
Net Win	\$1,774.0	\$1,912.1	\$2,017.0	\$1,989.9	\$2,124.3	\$2,216.8	\$2,264.0
EXPENDITURES							
Lottery	700.5	696.5	731.2	701.8	723.9	725.6	733.9
eGaming	13.4	16.5	24.2	19.1	28.2	34.0	41.0
Casino	510.3	560.3	607.7	592.2	647.2	690.7	698.4
Community Gaming	182.2	197.0	174.9	188.3	202.7	205.7	206.7
Total	\$1,406.4	\$1,470.3	\$1,538.0	\$1,501.4	\$1,602.0	\$1,656.0	\$1,680.0
NET INCOME							
Lottery	282.6	261.7	248.8	251.2	251.1	256.4	256.1
eGaming	0.9	2.2	3.8	2.9	5.8	9.0	13.0
Casino	698.6	761.8	792.3	777.2	809.8	838.3	851.6
Community Gaming	36.7	63.2	65.1	78.7	96.3	103.3	116.3
Paid to Gov't	\$1,018.8	\$1,088.9	\$1,110.0	\$1,110.0	\$1,163.0	\$1,207.0	\$1,237.0
Income Growth	10.4%	6.9%	1.9%	1.9%	4.8%	3.8%	2.5%
Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Capital Expenditures	43.9	60.4	109.3	112.2	119.7	115.0	115.0
FTEs *	596	638	784	736	865	880	900

B. OTHER REQUIREMENTS

1. NON-DISCLOSURE OF SPECIFIC INFORMATION

Information contained in service plans should be in compliance with the *Freedom of Information and Protection of Privacy Act*. Under the Act, a service plan should not disclose information that falls within the following categories:

- Cabinet and local public body confidences;
- Legal advice;
- Information for which disclosure would be harmful including information on the following:
 - law enforcement;
 - intergovernmental relations or negotiations;
 - financial or economic interests of a Crown corporation;
 - the conservation of heritage sites;
 - individual or public safety;
 - the business interests of a third party; or,
 - personal privacy.

Crown corporations should refer to the *Freedom of Information and Protection of Privacy Act* for clarification on the types of information that fall under each category.

Notwithstanding the above, organizations should ensure that adequate information is provided on each key element of the minimum content requirements of these guidelines to enable the objectives of the BTAA to be met.

If adherence to the *Freedom of Information and Protection of Privacy Act* requires the exclusion of any information listed in the minimum content requirement section, the organization should explain in this section of the service plan what information has been excluded and why it was necessary to exclude it.

2. CROWN CORPORATION CONTACT INFORMATION

Information provided in this section should include disclosure of where the reader can find more information on the organization or its subsidiaries (i.e. annual reports, risk assessments, detailed project reports, web links to other documents, etc.), and should include the organization's address, the phone numbers and email addresses of key contacts, and the organization's website address.

3. FORM AND LANGUAGE

Crown corporations should present information in the service plan in a format and language that is concise and readily understandable by the general reader. To increase readability and accessibility for the reader, service plans should not be more than 30 pages in length. The use of graphs, charts, and tables is encouraged to help readers understand complex data. The use of acronyms should be avoided, and technical terms should be defined in a glossary.

The service plan should focus on Internet accessibility rather than elaborate hard copy production. Multiple colour pictures and large graphics add greatly to the size of a file, and can make it difficult for users to access electronically. Graphics should be designed so that they can be easily read in black and white.

To achieve comparability with other organizations, as required by the BTAA, Crown corporations should use the sections provided in these guidelines as much as possible.

Crown corporations should include the Province of BC logo, in either colour or black and white, on the inside or outside front or back cover of their service plans. To obtain the BC logo, please contact the Manager, Corporate Communications, Public Affairs Bureau (250-356-6572). If you have any problems contacting this individual, please contact your CAsE representative for assistance.

4. REVIEW, APPROVAL AND PUBLICATION PROCESS

The BTAA stipulates that the service plans of ministries and Crown corporations must be tabled annually in the Legislature by the Minister responsible on the date that the provincial budget estimates are tabled in the Legislature. Typically, the Minister of Finance tables the Crown corporation and ministry service plans on behalf of the responsible Ministers at the end of the Budget Speech.

Review Process

CAsE and/or ministry staff review drafts of service plans for consistency with these guidelines and the requirements of the BTAA, and provide Crown corporations with feedback on each draft submitted for review. CAsE coordinates the review of the six largest commercial Crown corporations (listed in appendix A), and staff of the ministry responsible coordinate the review of smaller commercial and service delivery Crown corporation service plans. See Appendix A for a list of which Crown corporation service plans are reviewed by CAsE and which are reviewed by ministry staff. Note that CAsE staff are available to review any Crown corporation service plan on the request of ministry staff.

The service plan review process for the six largest commercial Crown corporations is as follows:

- Crown corporations send draft service plans to their CAsE contact. CAsE reviews the draft and also sends a copy of the service plan to the ministry responsible and Treasury Board Staff for their review.
- Ministry responsible sends their comments on the draft plan back to CAsE, who consolidates all comments and sends them back to the Crown corporation.
- Crown corporation sends an updated draft to CAsE for review and comments as required.
- CAsE drafts a letter to the Minister responsible on whether the service plan meets the requirements of the BTAA and the Service Plan Guidelines.
- Crown corporation sends the final Board-approved draft of the service plan to the Minister responsible for review and approval.
- Any changes required by the Minister are incorporated by the Crown corporation.

- Crown corporation sends final Board- and Minister-approved service plan in PDF to CAsE so that CAsE can coordinate the Queens Printer printing process.

For all other Crown corporation service plans, the review process is:

- Crown corporation sends draft service plan to their ministry contact for review.
- Ministry has the option of forwarding the service plan to the CAsE contact for an additional review. CAsE contact, if asked to review the plan, will send comments back to the ministry, and ministry will consolidate the two sets of comments.
- Ministry uploads draft service plan to SharePoint site for Treasury Board Staff review.
- Ministry sends comments back to Crown corporation.
- Crown corporation sends an updated draft to ministry for review.
- Crown corporation sends the final, Board-approved draft service plan to the Minister responsible for review and approval. (Ministry staff follow their ministry's protocol in forwarding comments to the Minister.)
- Any changes required by the Minister are incorporated by the Crown corporation.
- Crown corporation sends final Board- and Minister-approved service plan in PDF to ministry contact. Ministry contact sends the PDF to CAsE with confirmation that plan has been approved by the Board and the Minister, and financial information has been approved by Treasury Board Staff.

Ministry staff review of draft service plans should include:

- A review of the service plan against the checklist included in Appendix B of these Guidelines;
- Review to ensure policy alignment between the Crown corporation's service plan and the government Strategic Plan, the ministry responsible's mandate direction, and the most recent Shareholder's Letter of Expectations;
- A review of the adequacy of the performance measures and targets in the service plan (Are they within the Crown corporation's control? Will they help to show whether goals have been met? Are they balanced between financial and non-financial? Do they measure critical aspects of the organization's mandate?, etc.);
- Assessment of whether the board governance information on the Crown corporation's website complies with Board Resourcing and Development Office's requirements; and,
- Confirmation with Treasury Board Staff that that the budget figures included in the service plan agree with those in the government's fiscal plan, and that any planned use of retained earnings or deficit spending has been approved by Treasury Board.

The initial drafts of service plans need not be approved by the Board of Directors prior to being forwarded to CAsE/ministry staff for review.

The final version of the service plan must be approved by both the Crown corporation's Board of Directors and the Minister responsible for the Crown corporation. Because the Minister responsible has the requirement under the BTAA to table service plans, it is crucial to ensure the Minister has reviewed and approved the content and presentation of the service plan before it is finalized. A Minister has the option to make a public statement of non-compliance with the BTAA rather than tabling a service plan on Budget Day if he or

she is not comfortable with the contents. In such a case, the plan would be tabled at a later date, once the Minister and the Board Chair had reached agreement on it.

Transmittal and Printing Process

The paper copies of Crown corporation service plans are printed and distributed by the Queen's Printer, based on PDF copies of the plans that CAsE collects and forwards to Queen's Printer. This is done in order to enhance security over the service plans prior to their Budget Day release, and to allow Crown corporations' service plans to be included in binders distributed to elected officials and Officers of the Legislature on Budget Day. **CAsE is responsible for sending the PDF files of Crown corporation Service Plans to Queen's Printer for printing and distribution on Budget Day.**

The service plans printed by Queens Printer for Budget Day are in black and white. This may slightly decrease the print quality of service plans if they are prepared or intended to be in colour. If Crown corporations have any questions about the required PDF file specifications, they may contact CAsE for the requirements.

Timelines

In order to meet the scheduled March 2, 2010 publication deadline for Crown corporation service plans in conjunction with the government's budget, the following timelines should be followed:

KEY DATES	
December 31, 2009	Draft service plans sent to Crown Agencies Secretariat (CAsE) (six largest commercial Crown corporations – see Appendix A for list) or ministry responsible (all others) for review
January 8, 2010	CAsE/ministry send comments back to Crown corporations on draft service plans
January 22, 2010	Draft service plan, incorporating CAsE/ministry's comments, submitted to Minister responsible for review and input
January 22, 2010	Final board-approved financials and forecasts submitted to Treasury Board Staff (TBS). (Crown corporations should ensure that service plans submitted match financial information in the government fiscal plan – must consult with ministry EFO/TBS)
Before February 16, 2010	Smaller commercial and all taxpayer supported Crown corporations send their Board and Minister-approved service plans in PDF to their ministry contacts
February 16, 2010	Final Board and Minister-approved service plans e-mailed by Crown corporations (six largest commercial Crown corporations) or ministry (all other Crown corporations) to CAsE in PDF format. CAsE will coordinate with Queens Printer for printing.
March 2, 2010	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on the same day the budget is tabled

Website Posting

On March 2, 2010, Crown corporations should ensure their service plans are put on their websites after 3:00 p.m. This timing will ensure that the Minister of Finance has already tabled the service plans and budget in the Legislature. Hard copies of the plan may be made available to the public after this time; the decision to provide hard copies is the Crown corporation's to make.

All Crown corporation service plans will also be posted by the government on its budget day website.

Subsequent Review Process

Crown corporations should be prepared to have their service plans reviewed by the Select Standing Committee on Crown Corporations http://www.governmentcaucus.bc.ca/legislative_committees/crown_corporations/?&. If a Crown corporation is selected for review, it will be required, prior to the scheduled meeting, to supply the Committee with its most recent annual report and service plan, SLE, and any other information requested. Executive staff of the Crown corporation will be required to make a presentation at the meeting and to answer any questions posed by the Committee members.

The Office of the Auditor General may review service plans of selected Crown corporations as part of their regular review process (<http://www.bcauditor.com/pubs/subject/governance-%2526-accountability>).

Decisions on whether and when specific organizations will be reviewed are at the discretion of these entities.

Crown corporations should also be prepared to have their service plans discussed during the government's Estimates Debate, and should be prepared to provide Ministers Responsible with briefing materials as requested.

APPENDIX A
Crown Corporations Required to Produce a 2010/11 – 2012/13 Service Plan
Under the BTAA

Service Plan Reviewed by CAsE and Ministry (send drafts and final PDF to your CAsE contact) – six largest commercial Crown corporations

- BC Hydro and Power Authority
- BC Liquor Distribution Branch
- BC Lottery Corporation
- BC Railway Company
- BC Transmission Corporation
- Insurance Corporation of British Columbia

Service Plan Reviewed by Ministry Staff (send drafts and your final PDF to your ministry contact). CAsE staff available to review plans on request of ministry.

- BC Assessment Authority
- BC Games Society
- BC Housing Management Commission
- BC Immigrant Investment Fund
- BC Innovation Council
- BC Pavilion Corporation
- BC Securities Commission
- BC Transit
- Columbia Basin Trust
- Columbia Power Corporation
- Community Living BC
- First Peoples' Heritage, Language and Culture Council
- Forestry Innovation Investment Ltd.
- Homeowner Protection Office
- Industry Training Authority
- Knowledge Network
- Legal Services Society
- Oil and Gas Commission
- Pacific Carbon Trust
- Partnerships BC
- Private Career Training Institutions Agency
- Provincial Capital Commission
- Royal British Columbia Museum
- Transportation Investment Corporation

APPENDIX B
Service Plan Checklist - Minimum Information Requirements

Information Included in Service Plan	Comments
<ul style="list-style-type: none"> • Concise and readable <ul style="list-style-type: none"> ○ Not more than 30 pages in length ○ Web-links or references for additional information ○ Form and language accessible to general reader 	
<ul style="list-style-type: none"> • Government logo 	
<ul style="list-style-type: none"> • Signed Message from Board Chair to Minister responsible (incorporating Accountability Statement) <ul style="list-style-type: none"> ○ Overview of organization's significant activities for the next three years ○ Planning focus for upcoming year ○ Major changes since last service plan or expected in coming year ○ Market and industry issues ○ Significant risks and opportunities, successes and challenges looking forward ○ Future outlook ○ Accountability statement 	
<ul style="list-style-type: none"> • Table of Contents 	
Organizational Overview	
<ul style="list-style-type: none"> • Enabling legislation 	
<ul style="list-style-type: none"> • Legislated mandate 	
<ul style="list-style-type: none"> • Vision 	
<ul style="list-style-type: none"> • Values 	
<ul style="list-style-type: none"> • Overview of core business areas 	
<ul style="list-style-type: none"> • Benefit or service provided to the public and how delivered 	
<ul style="list-style-type: none"> • Any significant shifts in business areas or program delivery and why occurring 	
<ul style="list-style-type: none"> • Principal partners, clients and stakeholders 	
<ul style="list-style-type: none"> • Location of operations 	
Corporate Governance	
<ul style="list-style-type: none"> • The role and membership of the Board of Directors 	
<ul style="list-style-type: none"> • The purpose and membership of each Board Committee 	
<ul style="list-style-type: none"> • The names and job titles of senior management 	
<ul style="list-style-type: none"> • The organization's governance principles 	
<ul style="list-style-type: none"> • Disclosure of whether governance practices are in compliance with Board Resourcing and Development Office's Governance Guidelines, including a hyperlink to governance disclosure on website 	

Strategic Context	
<ul style="list-style-type: none"> • Any shifts in internal operating environment • Economic and industry factors, trends, opportunities and challenges • Significant financial and operational risks and opportunities <ul style="list-style-type: none"> ○ Their likelihood and potential magnitude ○ The potential impact they might have on planned results ○ how the organization plans to monitor, address or mitigate them 	
<ul style="list-style-type: none"> • Current capacity to meet planned results <ul style="list-style-type: none"> ○ plans to increase or retain capacity ○ any adjustments required to deal with capacity issues 	
Goals, Objectives, Key Strategies, Measures and Targets	
<ul style="list-style-type: none"> • Why these goals, strategies and measures are critical to organization and how they relate to the mandate 	
<ul style="list-style-type: none"> • Goals 	
<ul style="list-style-type: none"> • Strategies 	
<ul style="list-style-type: none"> • Performance measures for each of the three years 	
<ul style="list-style-type: none"> • Targets for each of three years, plus current year (as applicable), including a discussion of why the specific targets included in the plan were selected and how they will demonstrate success in achieving goals 	
<ul style="list-style-type: none"> • Any significant changes to goals, objectives or measures from previous year and why they were made 	
<ul style="list-style-type: none"> • Performance Management Systems <ul style="list-style-type: none"> ○ sources of data ○ what management does to ensure data is accurate and reliable 	
<ul style="list-style-type: none"> • Benchmarks with other organizations – if none included, a discussion of progress in identifying suitable benchmarks is required 	
Shareholder's Letter of Expectations	
<ul style="list-style-type: none"> • Government direction from the latest SLE • How the organization plans to address SLE direction during the planning period • Action planned on climate change and carbon neutrality initiatives 	

<p>Summary Financial Outlook for the Service Plan Period Note: actual financial information should be provided for 2008/09, forecast for 2009/10, and budget for 2010/11 - 2012/13</p>	
<ul style="list-style-type: none"> • Total revenue by core business area • Total expenses by core business area • Major sources of funding or revenue • Major types of expenditures • Net income or loss 	
<ul style="list-style-type: none"> • Debt 	
<ul style="list-style-type: none"> • Retained earnings 	
<ul style="list-style-type: none"> • Capital expenditures 	
<ul style="list-style-type: none"> • Key assumptions • Sensitivity analysis • Future financial outlook 	
<ul style="list-style-type: none"> • Confirmation that budget information agrees to funding approved by ministry and that forecast information is fully consistent with government's fiscal plan (Ministry staff to confirm) 	
<p>Capital Plan and Major Capital Projects</p> <ul style="list-style-type: none"> • Status and cost of any major capital projects over \$50 million • Total capital spending by year • Significant projects planned (less than \$50 million) • Main types of planned capital spending 	
<p>Information on Subsidiaries and Operating Segments</p>	
<p>Subsidiaries</p> <ul style="list-style-type: none"> • Subsidiary name • Primary business • High level goals • Governance structure, including Board members • Senior management team • 2008/09 actual, 2009/10 forecast and budgeted 2010/11 - 2012/13 revenues, expenses and net income • Any capital expenditures • For inactive subsidiaries, name, business, current status and reason for inactivity 	
<p>Operating Segments</p> <ul style="list-style-type: none"> • 2008/09 actual, 2009/10 forecast and budgeted 2010/11 - 2012/13 revenues, expenses and net income • any capital expenditures 	
<p>Other Requirements</p> <ul style="list-style-type: none"> • An explanation for any confidential information excluded from the service plan 	
<ul style="list-style-type: none"> • Contact information 	

APPENDIX C Performance Measures

Performance measures should be:

- Availability and reliability of data. Measures and targets must be based on reliable data - if any issues exist around the reliability of the data, they must be addressed or disclosed;
- Clear, accurate, and consistent. Performance measures should be clearly defined and accurate to ensure that the employees responsible for gathering data know precisely what to track and report, and should be comparable from year to year - any changes and the reasons the changes were made should be disclosed;
- Cost-effective. Measures should be designed to be cost-effective. If possible, organizations should base new measures on information from data already collected for other purposes. If this is not possible, an organization should try to identify measures that do not create costly measurement challenges;
- Clear in interpretation. Measures should provide pertinent and unambiguous information about performance of the organization;
- Appropriate and relevant. Measures should be appropriate and relevant (demonstrate the organization's performance) and relate to other measures in terms of the organization's overall performance. They should be substantially within the organization's control;
- Outcome focused. Measures should focus on outcomes - they should measure the expected results of the strategy;
- Flexible. Although consistency is important as it shows changes in performance over time, measures should not necessarily be kept static. Measures should be modified or eliminated if they are no longer relevant. Measures should exist in the context of current goals, objectives, strategies, and targets. Organizations should, however, provide explanatory information if any changes are made or a measure is eliminated;
- Easily understandable. Measures should be clear and easily understandable so that the reader is able to see how the performance is being assessed. Explanatory information should be provided when technical measures are used;
- Time-sensitive. Information should be collectable and able to be monitored throughout the year, so that any required adjustments or corrections to policies, programs or operations can be made on a timely basis; and,
- Balanced. Measures should be balanced (some long term, some short term, some financial, some non-financial, from all key program areas) so that the combined total of measures provides readers with an objective view of the organization's performance.

Potential types of measures to consider:

- quantity
- efficiency
- timeliness
- accuracy
- impact of activities
- financial information/ratios
- satisfaction (customers and/or employees)

Key Performance Measure Questions:

- Do the measures focus on the critical areas of the organization?
- Are the measures relevant and understandable?
- Do they measure what they are intended to measure?
- Are they reliable and verifiable (does the organization have confidence in the data), and can data be collected in a cost-effective manner?
- Are the measures comparable to those used by similar organizations to track performance?
- Are the measures reasonable in the context of information on trends over time?
- Are they consistent with the capacity of the organization and the risks it faces?
- Can the organization be held reasonably accountable for the results?
- Can measures be tied back to goals and objectives?
- Are there measures for all core business areas?

Examples of performance measures from past Service Plans:

<ul style="list-style-type: none"> • Financial contribution of key partners to projects partially funded by FII (<i>from Forestry Innovation Investment Ltd.</i>)
<ul style="list-style-type: none"> • Timeliness of licensing decisions on completed license applications (<i>from Homeowner Protection Office</i>)
<ul style="list-style-type: none"> • Insurance operating cost per policy (<i>from Insurance Corporation of BC</i>)

APPENDIX D

Targets

Targets document what level of performance is desired to achieve goals and objectives in a given year. Targets help to answer the question “where do we want to be at the end of the year?”

Crown corporations are under constant pressure to improve performance. Targets are useful tools to aid in this process by providing evidence of increased outputs and outcomes, lessons learned, and value for money.

Setting Targets

It is important that targets focus on measuring what the organization has control over, whether it is the overall program performance or the factors that lead to outcomes. In addition, as with performance measures, targets should be reported in context, so that the reader can understand the level of performance. Baselines and explanatory information will inform the reader about the level of performance. It is suggested that organizations provide a baseline (e.g., the previous year’s performance) plus three consecutive targets – one for each year in the service plan reporting period.

Setting the right targets is just as important as selecting the right measures. It is crucial that targets are realistic but at the same time challenging and ambitious for the organization to achieve. This should be balanced with the forecasted resources and/or capacity of the organization.

In the first year a particular target is documented, the organization may need to establish a baseline based on actual previous performance. The target for the following year should specify a level of improvement from the baseline. Determining an appropriate level of improvement can be aided by referring to benchmark information from similar public or private sector organizations or by considering past trends within the Crown corporation.

A target for a particular year can be based on historical performance, desired levels of service, operational requirements, resources available, or economic factors. In some cases, targets may be the same or lower than previous years due to changes in environment of operations. The service plan should include explanations for the specific targets chosen and the changes in target levels from year to year.

In cases where the outcomes of programs or lines of business are difficult to quantify or could be affected by external factors, ranges, trends, or milestones can be used. Organizations should ensure that the targets in their service plans are easy for the less informed reader to understand – if the significance is not readily apparent, the organization should include explanatory footnotes or appendices.

Under the BTAA Section 16 (3), Crown corporations are required to report details of their actual results in their annual reports compared to the expected performance targets stated in the service plans. When setting targets, Crown corporations should keep in mind the need to report actual results in their annual reports in comparison with the expected results

documented in their service plans.

Terms used to describe targets should be clear and consistently understood. This is especially true in situations where targets are difficult to quantify. Terms such as ‘satisfaction’ and ‘milestones’ need to be explained precisely so as to avoid a range of interpretations by readers.

Attributes of good targets are very similar to those of performance measures. These include:

- Specific. Clear, unambiguous and easy to understand by those who are required to achieve them;
- Measurable. There is no point setting a target for which success cannot be gauged by referring to a specific measure or measures;
- Achievable. Expressing specific aims that the organization feels can realistically be achieved, with some effort: ‘out of reach, but not out of sight’. Unrealistic targets, either too high or too low, will not be able to withstand public scrutiny;
- Relevant. To those who will be required to meet them and to the organization as a whole; and,
- Timed. There should be a set time scale for achieving a target; open-ended targets may not encourage focused effort on improving performance.

When setting targets, organizations should take into account the following:

- Past years’ trends of output/outcome levels (baselines);
- How similar organizations measure performance (benchmarks); and,
- Organizations should consider the expected time frame for outcomes to be realized.

Examples of targets:

Performance Measures	Targets		
	Year 1	Year 2	Year 3
<ul style="list-style-type: none"> • Injury Frequency - number of injuries per 200,000 hours worked (<i>from BC Hydro and Power Authority</i>) 	2.4	2.3	2.2
<ul style="list-style-type: none"> • Return on equity (<i>from Columbia Power Corporation</i>) 	4.1%	4.1%	4.9%
<ul style="list-style-type: none"> • Public support for gaming (<i>from BC Lottery Corporation</i>) 	62%	63%	64%

APPENDIX E – Benchmarking

Benchmarking can be defined as a process of continuously comparing and measuring an organization or aspects of an organization against business/industry leaders, with the objective of gaining information that will help the organization take actions and make changes to improve its performance.

Benchmarking looks at best practices, either within an organization, or in other organizations, and uses this as a reference point (benchmark) against which to assess present processes and future performance. The main objective of benchmarking should not be as a reporting tool, but as a management tool to achieve improvements in performance.

Internal benchmarking is when an organization explores and analyzes internal practices (within different departments or between past and present performance in the same department) in order to assess current levels of performance and to identify best internal practices that can be replicated in other program areas. External benchmarking is when an organization compares and analyzes the practices and processes of similar peer organizations (or competitors) with its own performance with the same objective.

An organization can benchmark processes, critical success factors and business practices.

The Benchmarking Process

The following is a suggested approach to creating benchmarks. Organizations will find that the process is not necessarily sequential, but the following steps will assist the process.

1. **Identify what is to be benchmarked.** Identify the program, process, service, etc. to be benchmarked. In making this determination, the organization should consider such things as what would make the biggest improvement to customers, and what would make the most difference to profitability. It should also consider priorities, risk areas and what areas of operations are most in need of changing.
2. **Measure.** An organization needs to measure the performance level of the program, service etc. to be benchmarked, document the process, and analyse the data. Consulting relevant literature and creating logic models will aid in this process.
3. **Identify comparators.** Identify and select appropriate benchmarking partners. It is best if the organization selected is one that offers similar services, programs, etc. and is willing to share information. In choosing outside comparators, the organization should consider what the relationship is with the other organization, how good that organization is at the activity to be measured, and whether it is legal and efficient to exchange information with them.
4. **Access data and conduct the benchmarking study.** The organization should access the required data and use it to compare its baseline to the benchmarking partner's performance. The organization can then identify the gaps between the levels of performance, the reasons for the gaps (processes or business practices, geographic region, facilities, technology, markets) and determine if the practices are suitable and relevant for replication. If suitability has been confirmed, the organization can then set goals and targets from the identified benchmarking practice.

5. **Action plan.** This is when an organization can create and implement an action plan to make any required changes to the services, programs, etc. from the identified best practices. An organization may want to identify a few core practices and adapt these into strategies etc. The organization may also want to continue ongoing collection of benchmarking data.
6. **Monitor, review, and modify.** An organization should do this on a routine basis to verify that benchmarking goals identified were met. This routine review cycle will help to identify how well the organization is doing and will allow the organization to continue to modify under-performing areas.

Tips for Effective Benchmarking

- Train people in the process of benchmarking, the specific approach the organization is using, and the analytical tools required to analyze and present the data;
- make sure that confidential or sensitive information is not at risk;
- co-ordinate benchmarking with other parts of the organization so as to avoid overlap or duplication of effort;
- communicate benchmarking results widely within the organization; and,
- document all benchmarking results in detail so that processes can be improved and lessons learned along the way are not lost.

Example of Benchmarking Documentation from a Previous Service Plan *(from Columbia Basin Trust):*

CBT was challenged to obtain market comparables as a basis for determining realistic performance objectives for Power Projects and Private Placements. In the case of Power Projects, the structure of investments, as defined by various agreements between the Province of BC, Columbia Power Corporation, and CBT, is challenging to reconcile against those commonly observed in the private market. As such, it is difficult to compare the performance of the Power Projects against other hydroelectric facilities.

In the case of Private Placements, CBT is limited to investing in a relatively small geographic region. With the exception of a few larger credit unions, there are no reasonable market comparables from which CBT can base a performance objective. Despite these challenges, CBT arrived at performance objectives for both Power Projects and Private Placements by evaluating historical performance and balancing those returns against those forecasts over the next five years.

With respect to Market Securities, there are a great number of reasonable market comparables. In arriving at a 6% performance objective, CBT considered forecasted returns of similarly constructed securities portfolios, as well as historical returns observed in the general marketplace. Information in support of this objective was provided by BC Investment Management Corporation.

Sources of Benchmarking Information

- Library databases
- Internal reviews
- Professional associations
- Industry publications
- Industry reports/trade publications
- Third party subject matter experts
- Annual reports
- Industry experts
- University sources
- Customer feedback
- Supplier feedback
- Telephone surveys
- Internet
- Original research
- Industry data firms
- Newspapers or newsletters
- Industry contacts

APPENDIX F Risk and Capacity

Risk

Risk can be defined most simply as the chance of something happening that will have an impact on the achievement of planned objectives. It is measured in terms of its likelihood and its consequences.

All organizations face similar areas of risks; what is unique to each is the mix of risks, and their effect on the organization. Each organization, depending on the type of business it is in, has a specific corporate risk profile. Organizations need to consider both risks and opportunities (*i.e.* how potential opportunities can be exploited/acted upon).

There is no single risk management methodology that works for all organizations. Each organization should tailor existing methodologies to suit its circumstances. Best practices have established a number of conceptual frameworks that can be used to tailor a risk management process to help identify areas of potential risk. A good risk management plan deals with uncertainty, is aligned with corporate goals, and incorporates contingency plans.

The Board oversees the processes management has in place to identify, monitor and manage/mitigate risks and opportunities. As part of this process, the Board confirms that a comprehensive risk management policy and plan is developed by management that considers how the risk process is implemented, the methodology used, responsibilities, and resource requirements. Risk tolerances are regularly reviewed by management with the Board and approved by the Board. The Board ensures that key risks and related capacity considerations are disclosed in the service plan and annual report.

Types of risk:

- Strategic risk (risk of unrealistic or inappropriate programs and initiatives or failure to keep the organization strong and relevant)
- Operational or program risk (risk of poor service delivery or misuse or neglect of human capital and other resources, new products or significant changes in operations, significant dependencies on single customers or suppliers, skills shortages or succession issues)
- Financial risk (risk of fraud, financial failure or decisions based on inadequate or inaccurate information, capital, exchange rates, interest rates, market share, competition)
- Information technology risk (risk that organization's information technology may not provide dependable service and/or accurate secure information that is available when required, obsolescence, viruses, input errors, loss of data, new systems)
- Reputation risk (loss of reputation or goodwill, inability to raise funds in community)
- Compliance or regulatory risk (risk of fines or regulatory penalties)
- Governance risk (risk of ineffective oversight and/or poor decision-making)
- Natural events risk (fires, earthquakes, floods, environmental factors such as pollution or soil contamination)
- Specific project risks (costs, deliverables, timelines, approvals, etc.)

Steps to Identify and Manage Risks and Opportunities

1. Identify potential risks or opportunities through environmental scans; past experience; industry forecasts; staff consultation (interviews, questionnaires, brainstorming); facilitated workshops; strengths, weaknesses, opportunities and threats (SWOT) analysis; comparisons with other organizations; safety or environmental audits
2. Assess likelihood and magnitude/consequences of each identified risk or opportunity
3. Determine organization's risk tolerance – its willingness to take risks and its capacity for risk (strength of finances, reputation, etc.)
4. Prioritise risks based on potential effect/significance. Consider which risks are significant enough to require action to reduce/mitigate potential exposure. Determine which risks are acceptable; the likelihood of occurrence; what can be done to reduce incidence and magnitude; and costs of control versus exposure. Consider whether the cost of mitigating is too high relative to the likelihood and magnitude of the risk occurring. Determine which opportunities are likely enough or significant enough to warrant developing strategies to exploit them.
5. Develop strategies to manage/mitigate/avoid/transfer/exploit risks and opportunities ruled significant/likely enough to influence results.
6. Identify which staff members should be accountable for monitoring and reporting risks, opportunities and effect on performance.
7. Service plan risk disclosure - see below.
8. Monitor risk and opportunity occurrence, track effect on operations, and adjust procedures/plans as necessary.
9. Annual report risk disclosure - disclose what risks materialized, what effect they had on performance, and what actions were taken to minimize, or in the case of opportunities, what actions were taken to take advantage of.

Capacity

Capacity is the ability of an organization to achieve its intended future results with its current resources. Capacity can also be defined as an organization's people, funding, authority and physical and intellectual infrastructure, including assets, systems and processes.

The first consideration, when assessing whether an organization has sufficient capacity to achieve its goals, is: are the resources and assets sufficient to handle planned activities? If not, the organization should determine what aspects of current or future capacity will affect or limit its intended results. An organization should also consider whether it has excess capacity in certain areas, and whether this capacity could or should be shifted to areas with higher priority.

Once a lack or imbalance of capacity has been established, the organization should consider what alternative actions should be taken to get objectives accomplished, or what trade-offs are necessary - what prioritisation of desired outcomes is required.

Service Plan Disclosure

Risks and Opportunities:

In the strategic context section, an organization should document high-level risks and opportunities expected to affect the organization during the planning period, what their potential impact and likelihood is, what effect they could have on planned results, and how the organization plans to monitor, address or mitigate them. If the organization has decided that the potential risk can be tolerated (because, for example, the cost of preventing is higher than the potential cost if the risk occurs), this should also be noted.

Within the goals/strategies sections of the service plan, the organization should describe what specific strategies are planned to deal with potential risks and opportunities.

Capacity:

The organization should, in the strategic context section, document what the organization's current internal capacity (staff, technology, infrastructure, capital) is to meet its intended future results and how it intends to increase capacity or adjust plans for current capacity (as required); and should, in the goals/strategies section, describe strategies for allocating scarce resources/prioritising actions, etc.

Risk and Capacity Analysis Examples:

- BC Assessment Authority 2008- 2010 Service Plan - see pages 17-18
- Legal Services Society 2009/10 – 2012/13 Service Plan – see pages 10-11
- Industry Training Authority 2008/09 - 2010/11 Service Plan - see pages 7-9

Where to Get More Information:

- Conference Board of Canada (<http://www.conferenceboard.ca>)
- Risk Management Branch (<http://www.fin.gov.bc.ca/pt.htm>)

For further information contact Crown Agencies Secretariat

**Jill Rogers
250-952-0768
Jill.Rogers@gov.bc.ca**