

Our Vision

We will be vital to our customers' success
by creating flexible and affordable workplace environments
that respond to their changing world of work.

We will be indispensable to our shareholder
through our innovative stewardship of public real estate assets.

As a result, we will earn respect and recognition as leaders in providing
BEST SOLUTIONS for BEST VALUE



British Columbia Buildings Corporation (BCBC) is a Crown corporation established in 1977 to provide accommodation and real estate services to the provincial government.

In 1997, provincial legislation was passed to expand BCBC's mandate to enable the Corporation to provide its services to the broader public sector.

BCBC's mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by efficiently planning, providing and managing accommodation and real estate solutions; by providing responsible stewardship of the assets and resources entrusted to it; and by contributing to the sustainability of communities and the environment.

BCBC is a highly decentralized Crown corporation with a province-wide network of operating locations and with over two-thirds of its employees strategically located throughout the province.

Contents

- 1 Letter of Transmittal**
- 2 BCBC's Enduring Purpose, Mission and Corporate Positioning**
- 3 A New Vision for BCBC**
- 15 Board of Directors**
- 16 Management Committee**
- 17 President's Message**
- 19 Review of Operations and Corporate Business Priorities**
 - 19 Objective I:**
Reduce the cost of government accommodation
 - 21 Objective II:**
Improve the efficiency and effectiveness of the BCBC model
 - 24 Objective III:**
Improve the satisfaction of all four customer dimensions
 - 26 Objective IV:**
Expand our services to the broader public sector where cost-beneficial to the taxpayer
- 28 Five-Year Highlights**
- 29 Financial Statements**
- 40 Corporate Information**



Minister of Finance and Corporate Relations
and Minister Responsible for BCBC
Paul Ramsey

His Honour,

The Honourable Garde B. Gardom
Lieutenant-Governor of the Province of British Columbia

May It Please Your Honour,

The undersigned has the honour to present the Annual Report
of the British Columbia Buildings Corporation for the year ended
March 31, 2000.

A handwritten signature in blue ink that reads "Paul Ramsey".

Paul Ramsey
Minister of Finance and Corporate Relations
and Minister Responsible for BCBC

Enduring Purpose

The enduring purpose is the essence of the Corporation's vision, mission and core values. It is lived on a daily basis across the organization.

"Best Solutions for Best Value."

Mission

Our mission describes the purpose towards which we, as employees, commit our work life. The mission describes the business we are in, why we exist, what we produce and who we serve.

We are a Crown corporation with a community presence throughout British Columbia.

Our mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by:

- *efficiently planning, providing and managing accommodation and real estate solutions;*
- *providing responsible stewardship of the assets and resources entrusted to us; and*
- *contributing to the sustainability of communities and our environment.*

Our mission is achieved by our motivated, highly skilled, and dedicated team of employees.

Corporate Positioning

Corporate positioning describes what situates us uniquely in our business environment that causes our customers to want to do business with us. It begins with and builds on our enduring purpose.

"Best Solutions for Best Value."

*By **Best Solutions** we mean contemporary products and services that are bundled to best meet the requirements of our customers, the communities they serve, and the interests of governments.*

*We view **Best Value** from both the customer's and taxpayer's perspective.*

*By **Best Value** we mean providing our customers a full range of cost-effective quality products and services at prices that, when bundled, provide better overall value than the competition.*

We are responsive and focused on our customers' success, building lasting relationships and serving all of our customers as if they have choice.

British Columbia Buildings Corporation begins a significant new chapter in its 23-year history in this millennium year 2000. The Corporation is embarking on a new three-year Strategic Plan 2000–2003, which establishes a new Vision for BCBC:

Vision

We will be vital to our customers' success by creating flexible and affordable workplace environments that respond to their changing world of work.

We will be indispensable to our shareholder through our innovative stewardship of public real estate assets.

As a result, we will earn respect and recognition as leaders in providing "Best Solutions for Best Value."

Our new Vision is supported by our new Enduring Purpose, our new Mission and our new Corporate Positioning.

It is also embedded in our five new corporate strategic objectives:

Objective 1: Customer Success

Provide best value solutions and service delivery which contribute to our customers' success.

Objective 2: Strengthening Our Foundation

Continuously review and improve the BCBC model and the way we do business to optimize corporate performance.

Objective 3: High-Performance Culture

Foster a high-performance culture to ensure corporate, team and individual success.

Objective 4: Innovative Stewardship

Provide innovative stewardship of public real estate assets, while contributing to the economic, social, and environmental sustainability of communities.

Objective 5: Business Development

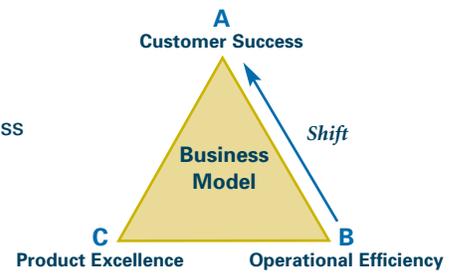
Extend our business where it improves the efficiency and effectiveness of the public sector.

Strong and well-informed relationships with our customers have become especially important because of their increasing diversity.

Our new Vision marks a shift in focus for BCBC. In our previous 1996–2000 Strategic Plan, the primary focus was on operational efficiency in order to minimize costs in our delivery of accommodation and real estate services to government ministries and other publicly funded organizations. Operational efficiency will remain a cornerstone of our business model over the next three years. We will build on the solid foundation we have established through achieving virtually all the goals of our 1996–2000 Strategic Plan.

We will also continue to provide our customers with innovative accommodation solutions which continually redefine the state of the art. For example, we will build upon our already strong grounding in such innovative accommodation solutions as integrated workplace strategies.

But the primary focus of the Corporation, its key driving force, will now be on customer success — on maximizing value to our customers and to our shareholder.

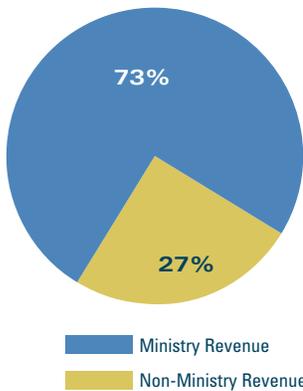


At BCBC, we are committed to partnering with our customers and contributing to their success. Implicit in our new Vision is a broadening of our scope beyond just providing building solutions to creating affordable workplace environments that support the needs of our customers and promote their success — in meeting their strategic objectives and program delivery priorities. To achieve this broader scope for our own business, we are committed to cultivating close and enduring relationships with our customers, relationships in which we acquire an in-depth understanding of our customers’ business, their plans for the future and the pressures and challenges they face.

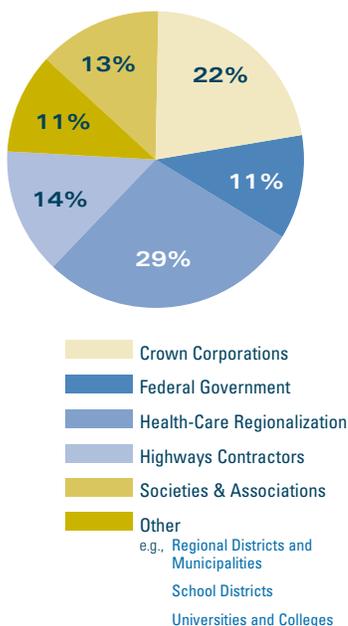
Strong and well-informed relationships with our customers have become especially important because of their increasing diversity. For example, in the past fiscal year 1999/00, over one quarter of BCBC’s total revenue was derived from business with non-ministry customers. Non-ministry customers include independent agencies, such as Regional Health Boards and Community Health Services Societies; special operating agencies such as the British Columbia Vital Statistics Agency; federal agencies such as Public Works and Government Services Canada; and Crown corporations, school districts and non-profit societies.

Partnering with our customers to support their strategic and business objectives and contribute to their success is not a brand new role for BCBC. We have always worked in partnership with our customers, and over the past few years, we have participated in some innovative and highly successful joint initiatives with certain customers which have included focusing on their strategic objectives.

Percentage of Ministry Revenue vs. Non-Ministry Revenue 1999/00



Percentage Breakdown of Non-Ministry Revenue 1999/00



Model and current construction photographs of the North Fraser Pretrial Services Centre. The Centre is on schedule for completion November 30, 2000. Once the Centre is fully operational in early 2001, a joint Ministry of Attorney General and BCBC project team plans to undertake an audit to examine results and to ensure that benefits can be achieved in future BC correctional facility projects.



Architects:
DGBK Architects and
Ron Dies Architecture

Construction Manager:
PCL Constructors
Canada Inc.

The North Fraser Pretrial Services Centre is a prominent example of such a joint initiative with a ministry customer. Early in the planning and design stages, BCBC collaborated with the Ministry of Attorney General in a comprehensive facility program review and value analysis of this new adult male correctional facility for the Lower Mainland. The goal was to identify opportunities to reduce operating and capital costs without compromising public and staff safety.

This collaborative review and value analysis produced a new benchmark of cost-effectiveness for correctional facilities in BC. The projected daily cost (*per diem*) of housing an inmate was reduced from an original estimate of \$225 to \$136, a reduction of almost 40%. The projected capital cost per bed of construction was also reduced by more than 40% from the original estimate.



East Kootenay Community Health Services Society's Cranbrook Health Unit building.

A similar partnership with a non-ministry customer has been the redevelopment of the East Kootenay Community Health Services Society's (EKCHSS) Cranbrook Health Unit building.

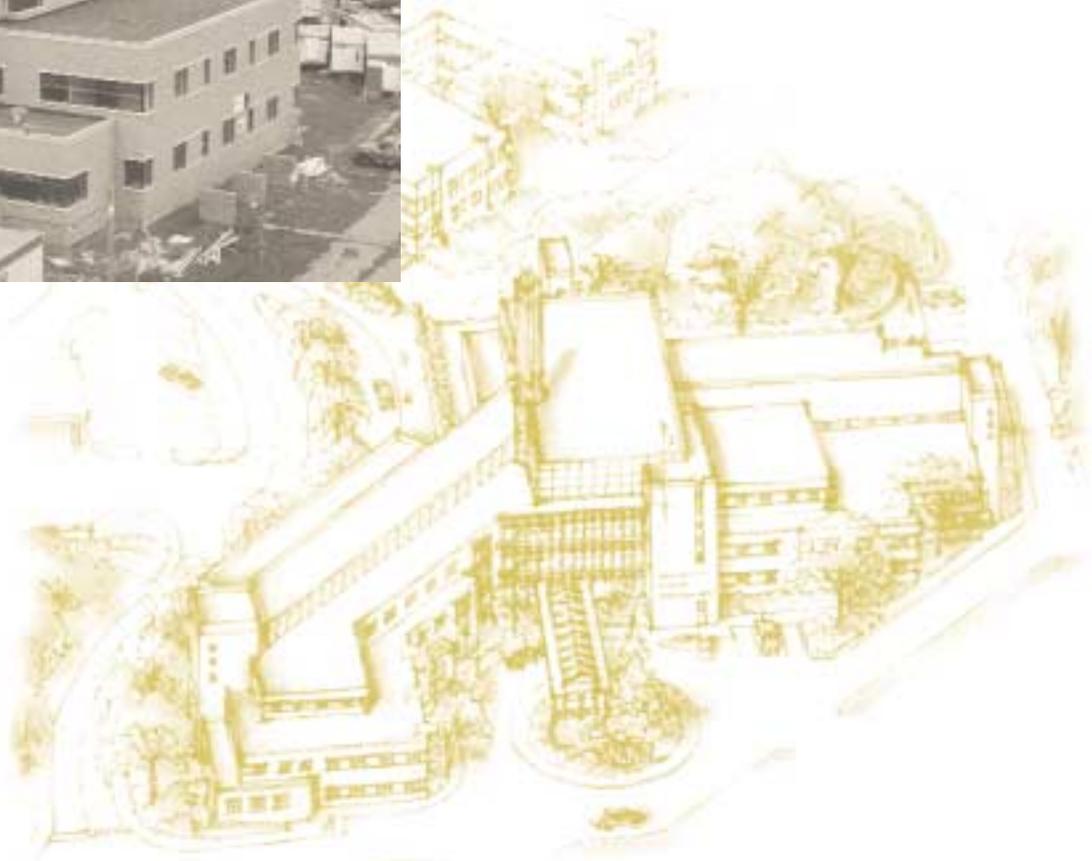
During 1999, BCBC worked in close co-operation with EKCHSS staff to complete a major redevelopment of its Cranbrook Health Unit building, a redevelopment designed to provide better service to the public and more efficient use of staff resources. This redevelopment presented a special challenge because EKCHSS staff needed to continue working in the building during the renovations. BCBC staff worked closely with Society managers and staff to learn how they delivered their services; to understand, for example, their need for shared rooms and private space, and for places where patient confidentiality could be assured. Furthermore, these needs had to be incorporated into the building renovations in ways that created the least disruption during working hours. The redevelopment plan also maximized space and productivity in creative ways. For example, an atrium was converted to attractive central offices, with skylights providing natural light, making optimal use of this area. Completed in October 1999, the redevelopment of the Cranbrook Health Unit has enabled the East Kootenay Community Health Services Society to improve its delivery of health-care services to the community.

**By March 2000,
construction of the
new Vancouver Island
Cancer Centre had
progressed so efficiently
that it was one month
ahead of the
accelerated schedule.**

The focus of our new Strategic Plan is not only on maximizing value to our customers but also to our shareholder — and by extension, the citizens of British Columbia. Here again, BCBC has built a strong foundation for successful performance, particularly in the critical area of health-care delivery for British Columbians.

In October 1998, the provincial government assigned to BCBC the responsibility for the accelerated construction of the new Vancouver Island Cancer Centre on the Royal Jubilee Hospital site in Victoria. Changing demographics and Vancouver Island's rising population had put increasing pressure on the existing Cancer Centre, and the solution to an urgent situation for increasing numbers of Vancouver Island patients and their families was the accelerated completion of the new Centre by April 2001. Working closely with the BC Cancer Agency, BCBC began construction in late

March 1999. By March 2000, construction of the new Vancouver Island Cancer Centre had progressed so efficiently that it was one month ahead of the accelerated schedule. The actual building structure was complete, and costs remained within the original budget.



Vancouver Island Cancer Centre construction site

Vancouver Island Cancer Centre Architect's Rendering

Architects:
Paul Merrick Architects

Construction Manager:
Campbell Construction Ltd.



BCBC's successful performance on the new Vancouver Island Cancer Centre led to a similar request from the provincial government to under-

take the accelerated construction of the Kitimat Hospital and Health Centre on behalf of the Ministry of Health and the local health authority. Setting a precedent as the Corporation's first full-service health centre project, the hospital combines acute-care, multi-level care and community health services. The agreement signed between BCBC, the Kitimat and Area Health Council, the North West Regional Hospital District and the Ministry of Finance and Corporate Relations gives BCBC budget and contracting responsibility. Construction was started in April 2000 on an accelerated schedule for opening the facility for patient care by January 2002.

*Official groundbreaking ceremony,
Kitimat Hospital and Health Centre,
May 12, 2000.*

L-R
Beth Burget, Interim Chief
Executive Officer, Kitimat
and Area Health Council

Helmut Giesbrecht, MLA (Skeena)

Raymond Raj, Chair, Kitimat and
Area Health Council

Jim Thom, Chair, North West
Regional Hospital District and
Acting Mayor, Kitimat.

*Kitimat Hospital and Health Centre
Architect's Rendering*

Architects:
DGBK Architects

Construction Manager:
Bird Construction Co.

The Corporation's growing involvement in the delivery of health care to British Columbians has culminated in a five-year Memorandum of Understanding with the Ministry of Health designed to provide better access to health care throughout the province. Signed on March 16, 2000, the Memorandum of Understanding brings together capital and program planning experts from the Ministry of Health and BCBC.

This expert team, officially known as the Health Services Group, will support the Ministry of Health in meeting the province's health-care facilities objectives in the following ways:

- ➔ By expanding an inventory system that identifies the suitability and condition of health-care facilities across the province;
- ➔ By identifying priority health-care projects based on the inventory and program need;
- ➔ By developing processes for integrating capital planning with program planning to ensure that the most needed projects are identified and delivered without delay;
- ➔ By refining current business-case models to identify the financial, social and economic impact of each project; and,
- ➔ By establishing a special project office that will focus on developing critically needed long-term care facilities.



HEALTH SERVICES GROUP

*An initiative of BC Buildings Corporation
and the BC Ministry of Health*

**BCBC enhances
its community**

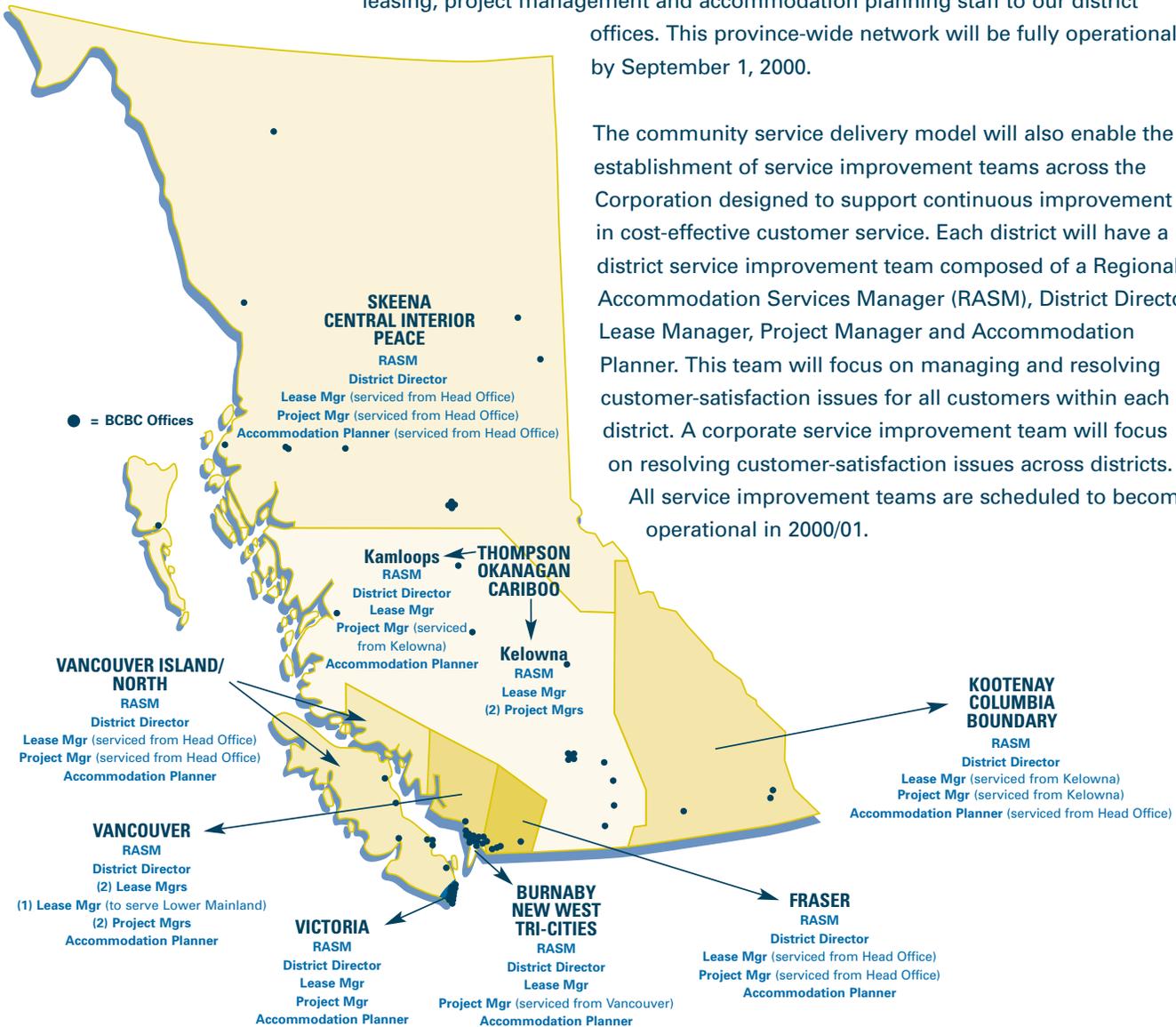
**service delivery
and establishes
customer service**

**improvement teams
around the province.**

An important hallmark of our new Strategic Plan is the alignment of the strategic objectives with the Vision and the close integration of all five strategic objectives. For example, the Corporation's developing role in the health-care delivery business is directly related to both Objective 1: Provide best value solutions and service delivery which contribute to our customers' success and to Objective 5: Extend our business where it improves the efficiency and effectiveness of the public sector.

Similarly, a significant initiative BCBC has undertaken to enhance our community service delivery around the province also directly supports both these strategic objectives. The community service delivery model will enhance our existing community-based delivery of property management services by locating some leasing, project management and accommodation planning staff to our district offices. This province-wide network will be fully operational by September 1, 2000.

The community service delivery model will also enable the establishment of service improvement teams across the Corporation designed to support continuous improvement in cost-effective customer service. Each district will have a district service improvement team composed of a Regional Accommodation Services Manager (RASM), District Director, Lease Manager, Project Manager and Accommodation Planner. This team will focus on managing and resolving customer-satisfaction issues for all customers within each district. A corporate service improvement team will focus on resolving customer-satisfaction issues across districts. All service improvement teams are scheduled to become operational in 2000/01.



Our goal of providing our customers with increasing electronic access to BCBC information and services — commonly known as E-Business — is another key corporate initiative which directly supports the achievement of Strategic Objectives 1 and 5, and also Objective 2: *Continuously review and improve the BCBC model and the way we do business to optimize corporate performance.*

BCBC has recently launched a six-month pilot project which provides a significant E-Business option to customers, as well as enhancing the transparency of BCBC's information. The goal of this pilot project is to provide ministry customers with the ability to access BCBC's customer-agreements system so that they can obtain their specific facilities information on-line. Four ministry customers are participating in this pilot project: the Ministry of Attorney General, the Ministry for Children and Families, the Ministry of Transportation and Highways and the Ministry of Environment, Lands and Parks. A working committee of representatives of these ministries has worked with BCBC to define the specific facilities information requirements for the pilot, and this committee will be very involved in evaluating the project results. Upon completion of the pilot, the committee will develop recommendations for a general application of this E-Business option to BCBC customers.

BCBC has recently launched a six-month pilot project which provides a significant E-Business option to customers, as well as enhancing the transparency of BCBC's information.

The new Available Space Extranet is another pioneering E-Business application which makes possible the sharing of information between multi-jurisdictional governments. A joint venture between BCBC and Public Works and Government Services Canada (PWGSC), the Available Space Extranet uses the technology of the Internet but restricts the information exchange to a select group of business partners. It allows both BCBC and PWGSC access to each other's inventories of available space in BC communities. This Extranet information sharing will enable both levels of government to increase space sharing and to reduce their vacant space. It will also enhance customer service delivery for both BCBC and PWGSC.

The multi-jurisdictional sharing of space inventories through the Available Space Extranet is also a major objective of BCBC's integrated accommodation planning process. Integrated Accommodation Planning (IAP) is a process spearheaded by BCBC to encourage public-sector organizations to share information about their accommodation requirements. It serves as a catalyst for interagency planning, joint use of space and improved utilization of public-sector assets — all to the benefit of the single taxpayer.

A successful IAP pilot project for the City of Nanaimo was completed in January 1999 and provided detailed information on everything from zoning to improvements. It involved over 40 government representatives (local, regional, provincial and federal) who joined together to share information about their space inventories and requirements for the City of Nanaimo.

Treasury Board Staff has concurred with the further use of the IAP process, and BCBC will incorporate the knowledge it has gained from the success of the Nanaimo pilot project into a second IAP project in the interior in the fiscal year 2000/01.

Both the Integrated Accommodation Planning process and our collaborative Extranet partnership with PWGSC are also key elements of our Strategic Objective 4: Provide innovative stewardship of public real estate assets, while contributing to the economic, social, and environmental sustainability of communities.

Another key element of this strategic objective is our Environmental Management Plan 1998–2003. BCBC's 22-year energy management program has won international awards and saved BC taxpayers well over \$100 million in energy costs. Now, the Corporation is poised to extend these accomplishments in energy conservation to a larger stage and to take on a significant role in working with government and industry in achieving greenhouse gas emissions reduction targets for buildings under the Kyoto Protocol.

**BCBC is well-positioned
to become the
first public-sector
organization in
Canada to achieve
corporate-wide
ISO 14001 certification.**

As a first step, BCBC is well-positioned to become the first public-sector organization in Canada to achieve corporate-wide ISO 14001 certification. This certification is based on a system developed by the International Standards Organization with input from 63 countries. In addition to this broad-based recognition, the system also has enormous credibility because of the rigour required to obtain certification and the use of external auditors.

Like a financial plan and accounting system, ISO 14001 does not stipulate how aggressive the environmental goals of an organization must be. It does, however, require an organization to commit to certain principles, namely, adherence to applicable laws and regulations, pollution prevention and continuous improvement, and it requires that these principles be captured in the organization's policy.

The Corporation

is poised to take on

**a significant role
in working with
government and
industry in achieving
greenhouse gas
emissions reduction
targets for buildings
under the
Kyoto Protocol.**

In December 1997, representatives of Canada and some 160 other countries met in Kyoto, Japan and agreed to a Protocol in which industrialized countries would undertake to reduce their collective emissions of greenhouse gases (GHGs). Canada's target is to reduce its GHG emissions to six per cent below 1990 levels over the prescribed 2008–2012 timeframe.

As part of its ISO 14001 certification process, BCBC has identified its significant environmental impacts, one of which is the production of GHGs from the Corporation's building operations. BCBC is currently developing objectives and targets for dealing with these GHGs as part of the Corporation's contribution to meeting British Columbia's commitments to our national commitments under the Kyoto Protocol.

Another significant environmental initiative incorporated in our Strategic Plan under Strategic Objective 4, but with significant implications for maximizing value to our customers and to our shareholder under Objectives 1 and 5, is the Green Buildings BC – Retrofit Program. This program assists provincially funded educational and health-care institutions to retrofit their buildings to conserve energy and water and reduce greenhouse gas emissions and waste generation.

Retrofit costs will be paid for from utility savings, and BCBC is delivering the program by facilitating the procurement of retrofit services from the private sector.

BCBC has met individually with 14 BC educational and health-care institutions to provide an overview of the program, the benefits it offers and the services BCBC can provide. The Corporation will work with those who are ready to proceed to plan the procurement of retrofit services from the private sector and to provide key information resources that will guide customers through the process.

With the assistance of the Ministry of Finance and Corporate Relations, BCBC will also work with one or more financial institutions to create a \$30-million financing and insurance pool upon which participating institutions could draw. Such a pool will offer participating organizations much better terms than if they approached financial institutions on their own with their individual projects. The benefits would be the potential for more comprehensive retrofits and/or quicker paybacks.



Retrofit Program

An exciting future development for this program is the Greenhouse Gas Emission Trading Pilot, which will be a BC-based Canadian experiment in buying and selling greenhouse gas emissions reductions. Through this pilot, BCBC would help one or more educational and health-care institutions sell the greenhouse gas emissions reductions that they achieved through their recent building retrofits.

A key corporate initiative is the

Underpinning our new Vision and essential to the achievement of all the other four strategic objectives is Strategic Objective 3: Foster a high-performance culture to ensure corporate, team and individual success.

alignment of team and individual performance and learning goals with our strategic objectives and business priorities through a new best-practice Performance Development Process.

Accordingly, a key corporate initiative is the alignment of team and individual performance and learning goals with our strategic objectives and business priorities through a new best-practice Performance Development Process. One clear message that emerged from our best-practices research was that an effective performance development process was critical to fostering a high-performance culture.

The key features of BCBC's Performance Development Process align with this best-practices research and include:

- aligning the work and behaviour of employees with the core values and strategic objectives of the Corporation;
- being results-driven;
- supporting performance goals with learning;
- fostering the unique employee competencies that the Corporation needs to succeed; and,
- providing ongoing performance feedback and essential measures of employee performance.

BCBC is introducing its Performance Development Process in phases. This introduction began in May 1999 with a Phase 1 pilot group of approximately 150 employees from across the Corporation. Phase 1 participants received extensive training and support throughout the year. These initial participants have acknowledged that they have gained a better understanding of their roles in the organization and how they can each contribute to the success of BCBC. All BCBC employees will be fully participating in the Performance Development Process by 2001/02.

**At BCBC, we are
confident that our**

**comprehensive and
integrated strategic
planning, together with
vigilant performance
management, will
provide the Corporation
with a strong and
steady momentum
towards achieving
our new Vision.**

BCBC's new Strategic Plan 2000–2003 represents a milestone for the Corporation. First, the Plan itself is the result of a comprehensive and inclusive development process on which a cross-functional and geographically representative Core Planning Team of 22 employees worked diligently for most of 1999/00. This Core Planning Team produced the Plan's successive drafts. In a parallel planning process, the Board of Directors and over 75% of all BCBC employees had the opportunity to meet to discuss these drafts. The input contributed at these meetings was seriously considered by the Core Planning Team, and the Plan drafts amended accordingly. The underlying purpose for such a comprehensive process was that "people support what they help create."

This year also set another important precedent. For the first time, the annual business plans developed at the beginning of the fiscal year by each corporate group were required to follow a specific format which provided detailed linkages to the Strategic Plan. Also, each corporate group was given the opportunity to review the business plans of the other groups. This review process was designed to ensure a closer alignment between all the group business plans and an integration of them all with our corporate Strategic Plan and our corporate Annual Business Plan.

A Performance Measurement Framework (*see page 14*) has also been developed for the Strategic Plan. The key performance measures designated for each strategic objective will be closely monitored and refined over the course of the Plan.



At BCBC, we are confident that our comprehensive and integrated strategic planning, together with vigilant performance management, will provide the Corporation with a strong and steady momentum towards achieving our new Vision. 🏡

The co-ordination of the planning process for the new Strategic Plan, as well as the procedures for ensuring the alignment of all the corporate business plans with each other and with the Strategic Plan, has been the major focus for the Department of Strategic Planning, Performance and Change Management.

L-R

Helen Fletcher, Director

Debra Larusson, Strategic Planning and Performance Measurement Manager

Lynne Burns, Secretary

Sharon Halkett, Vice President, Client and Accommodation Services

Colin Ewart, Strategic Planning and Change Management Manager

Performance Measurement Framework

Strategic Objective 1: Customer Success

Provide best value solutions and service delivery which contribute to our customers' success.

Goal	Performance Measure	Target or Expected Results
Increase Customer Satisfaction	• Customer Satisfaction Survey	• Increase overall rating • Increase ratings for responsiveness
	• Customer Retention analysis during annual Client Budget process	• Retain customers
Contribute to Customer Success	• Formal Account Plans and outcome agreements	• Achieve outcome commitments
Achieve Best Value	• Business expansion and implementation of innovative solutions	• Achieve annual cost savings

Strategic Objective 2: Strengthening Our Foundation

Continuously review and improve the BCBC model and the way we do business to optimize corporate performance.

Goal	Performance Measure	Target or Expected Results
Improve Operational Performance	• Business Process Reviews	• Perform core process reviews and reduce cost of operations and cycle time
	• Internal targets and external benchmarks	• Meet targets for general and administrative costs based on external benchmark comparisons and BCBC business activity • Costs for owned buildings are comparable with other jurisdictions and the private sector
	• Internal targets	• Maintain the ratio of area managed per employee
	• Contribution margin targets	• Meet targets for core services

Strategic Objective 3: High-Performance Culture

Foster a high-performance culture to ensure corporate, team and individual success.

Goal	Performance Measure	Target or Expected Results
Increase Employee Satisfaction	• Bi-annual Employee Satisfaction Survey	• Increase the ratings
Increase Employee Performance	• Employee Performance Development Process	• Complete implementation
Increase Investment in People and Teams	• Set of Indicators	• Increase performance in human resource initiatives

Strategic Objective 4: Innovative Stewardship

Provide innovative stewardship of public real estate assets, while contributing to the economic, social and environmental sustainability of communities.

Goal	Performance Measure	Target or Expected Results
Demonstrate Economic Stewardship	• Set of Financial Indicators	• Maintain or improve financial performance
	• Internal Targets and External Benchmarks	• Maintain office vacancy rates
Demonstrate Social Stewardship	• Integrated Accommodation Planning	• Community-based integrated accommodation plans
	• Energy Savings	• Implement Green Buildings BC – Retrofit Program
Demonstrate Environmental Stewardship	• Environmental Management Plan	• Reduce environmental risks and manage liabilities through remediation
		• Reduce environmental risks and hazards through pollution prevention
		• Maximize savings realized by our energy management program

Strategic Objective 5: Business Development

Extend our business where it improves the efficiency and effectiveness of the public sector.

Goal	Performance Measure	Target or Expected Results
Achieve New Business Contribution Targets	• Contribution Targets	• Expand business where beneficial to the taxpayers of British Columbia
Demonstrate our competitive advantage	• Benchmarking	• Set price and deliver all bundled core products and services
		• Set price and deliver all stand-alone core products and services

Board of Directors



William (Bill) Clark
Chair (Surrey)
To April 2000



Robert Hobson
(Kelowna)
To January 2000



Stephanie Green
(West Vancouver)



Bernie Blackburn
(Prince George)



Bruce Ferguson
(Surrey)



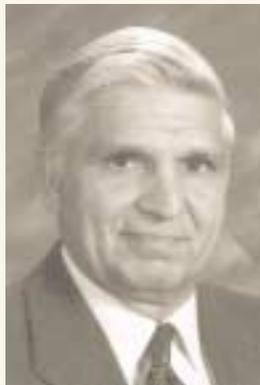
Jageero (Jag) Johl
(North Vancouver)



Carole Gillis
(Kamloops)



Steve Orchardton
(Victoria)
To April 2000



Kehar Sekhon
(Vancouver)
Appointed June 1999



Doug Allen
Chair (Victoria)
Appointed April 2000



L-R

Sharon Halkett

Vice President, Client and Accommodation Services

Brian Kennedy

Vice President, Property Management

Dennis Truss

President and Chief Executive Officer

Jim Gugin

Vice President, Real Estate Development

Lak Parmar

Vice President, Finance and Chief Financial Officer

Management Committee viewing the model and Architect's Rendering of the new Vancouver Island Cancer Centre. (By March 2000, construction of the new Vancouver Island Cancer Centre had progressed so efficiently that it was one month ahead of the accelerated schedule.)

Positioning the Corporation for the Future



Dennis Truss
President and
Chief Executive Officer

I am pleased to reflect upon a very challenging and successful year for BC Buildings Corporation. The past fiscal year, 1999/00, was a year of transition and refocusing for the Corporation. It marked the final year of the Corporation's 1996–2000 Strategic Plan and the culmination of significant achievements in meeting virtually all of the goals in that plan.

During the past year, we also laid a firm foundation for our future direction by undertaking the very comprehensive and employee-inclusive process of developing our new 2000–2003 Strategic Plan. The new plan, approved by our Board of Directors on January 13, 2000, focuses on maximizing value to our customers and to our shareholder, while continuing our commitment to reduce the cost of government accommodation.

Accordingly, the theme of our annual report this year is our new Vision, a clear statement of our corporate direction as we advance into a new millennium:

We will be vital to our customers' success by creating flexible and affordable workplace environments that respond to their changing world of work.

We will be indispensable to our shareholder through our innovative stewardship of public real estate assets.

*As a result, we will earn respect and recognition as leaders in providing
"Best Solutions for Best Value."*

In support of our new Vision and focus on customer success, we began in 1999/00 the implementation of a community service delivery model which will significantly enhance our community-based service delivery for customers around the province. BCBC has always had a community service delivery structure in its property management organization. However, with increasing changes in our customer base, such as new decentralized ministries and non-ministry customers, there is a growing need to locate some of our other key service delivery functions in the communities where the decisions and delivery take place.

I am also proud to report that in 1999/00 BCBC successfully met the millennium challenge by developing and implementing our Y2K management plan without incident and totally achieving our objective of ensuring no interruption of services and minimal cost to government.

The Corporation's growing involvement in health-care projects culminated in our signing a five-year Memorandum of Understanding with the Ministry of Health designed to provide better access to health care throughout BC.

I am also very proud to report that the Corporation is surpassing government's expectations in the accelerated construction of the new Vancouver Island Cancer Centre. Working closely with the BC Cancer Agency, the Corporation is completing construction one month ahead of schedule and on budget. Our performance on the Cancer Centre has led to government's request that we undertake the project management of the Kitimat Hospital and Health Centre on behalf of the Ministry of Health and the local health authority. This is the first full-service health centre project undertaken by the Corporation.

The Corporation's growing involvement in health-care projects culminated in our signing, on March 16, 2000, a five-year Memorandum of Understanding with the Ministry of Health designed to provide better access to health care throughout BC. Under the Memorandum of Understanding, BCBC staff bring portfolio management, inventory assessment, long-range planning, and accommodations and facilities expertise to a team that includes health-care experts and capital planners. This team, called the Health Services Group, will support the Ministry of Health in meeting the province's health-care facilities objectives.

The following *Review of Operations and Corporate Business Priorities* highlights the specific major initiatives that we undertook during the 1999/00 fiscal year and our related accomplishments. I believe that the results demonstrate the Corporation's commitment to building on our traditional strengths while at the same time, repositioning our priorities for the future.

On behalf of the BCBC executive, I would like to take this opportunity to thank William Clark, Chair, and the other members of our Board of Directors for their support and assistance throughout the year. I would also like to extend a warm welcome to Kehar Sekhon, who joined the Board early in the year.

There are also some "changings of the guard" on our Board of Directors that I would like to acknowledge. William Clark, our Chair for over the past four years, is stepping down as of April 2000. On behalf of the Corporation, I want to thank him for his unfailing support and guidance during his tenure as Chair. I would also like to thank Robert Hobson, whose term expired in January 2000 after almost seven years of service, for his consistent support, especially of the Corporation's new business development and its community focus. Steve Orcheron is also leaving the Board as of April 2000, and I would like to thank Steve particularly for his enthusiasm and support of the Corporation's involvement in the construction of the new Vancouver Island Cancer Centre.

On behalf of the Corporation, I extend a warm welcome to our new Chair, Doug Allen, and look forward to working with him as we embark on a new strategic plan.

I would like to take this opportunity to thank our Minister responsible, the Honourable Paul Ramsey, for his support since assuming responsibility for the Corporation in February 2000. On behalf of BCBC, I also extend appreciation to Moe Sihota and Helmut Giesbrecht for their support during the respective periods that they served as our Minister responsible in the past fiscal year.

Finally, the Vice Presidents join me in extending our most sincere appreciation to our employees. Their dedication and commitment during this past year of transition have enabled BCBC to exceed expectations and to be positioned to welcome some exciting new business challenges.



Dennis Truss, FCA
President and
Chief Executive Officer

1999/2000 – The Fourth Year of Implementation of our Strategic Plan 1996–2000

The fiscal year 1999/00 was the fourth and final year of implementation of our corporate Strategic Plan 1996–2000 which focused on the principle of cost minimization.

This principle was embedded in the four objectives of our Strategic Plan:

- I. Reduce the cost of government accommodation**
- II. Improve the efficiency and effectiveness of the BCBC model**
- III. Improve the satisfaction of all four customer dimensions**
- IV. Expand our services to the broader public sector where cost-beneficial to the taxpayer.**

A number of multi-year strategies had been developed to achieve each of these four objectives. The ways during 1999/00 in which we completed the implementation of these strategies and initiated new strategies to prepare for the implementation of our new 2000–2003 Strategic Plan are outlined in the following review.

Objective I

Reduce the Cost of Government Accommodation

Our Strategic Plan's three-year goal of cost savings for government was \$30 million. By 1997/98, we had already surpassed this goal by \$5.4 million with a cumulative \$35.4-million saving to government over the 1995/96 base year. In 1998/99, we contributed an additional \$4.5 million in cost savings, for a three-year total of \$39.9 million.

In 1999/00, we supplemented this three-year total with a further addition of \$0.9 million in cost savings. The 1996–2000 cumulative four-year total saving to government reached \$40.8 million, which exceeds our original Strategic Plan goal by \$10.8 million.

We worked with the Ministry of Attorney General to create a new and dramatically reduced cost benchmark for the design and operation of BC correctional facilities through the planning and construction of the North Fraser Pretrial Services Centre.

- ➔ Located in Port Coquitlam, the North Fraser Pretrial Services Centre will incorporate 300 beds. The projected daily cost (*per diem*) of housing an inmate was reduced from an original estimate of \$225 to \$136, a reduction of almost 40%. The projected capital cost per bed of construction was also reduced by more than 40% from the original estimate.
- ➔ These cost savings were achieved through a comprehensive facility program review and value analysis performed by a team with representation from both the Corporation and the Ministry of Attorney General, and consultants engaged for this project.

We completed pilot projects with the Ministry for Children and Families (MCF) in Gibsons and Prince George to provide a seamless and cost-effective integrated approach to office relocations.

- ➔ Construction of the Centre is approximately 60% complete and is on schedule for completion November 30, 2000. Once the facility is fully operational in early 2001, a joint Ministry of Attorney General and BCBC project team is committed to undertake an audit to examine results and to ensure that benefits can be achieved in future BC correctional facility projects.

We completed pilot projects with the Ministry for Children and Families (MCF) in Gibsons and Prince George to provide a seamless and cost-effective integrated approach to office relocations. The projects are part of the five-year Memorandum of Understanding, signed in May 1998, under which BCBC provides ongoing facilities management services to MCF.

- ➔ The pilot projects considered the impacts, issues and opportunities of BCBC in the role of single project manager for tenant improvements and office moves. In this role, BCBC co-ordinated service suppliers of facilities, telephone, data and furniture for the full project continuum from planning to move-in.
- ➔ Annual savings from the integrated relocation approach were estimated at \$200,000 to \$250,000 based on a 55% to 70% reduction in MCF staff costs related to co-ordinating moves. These savings were well received when presented to the MCF Information Management Steering Group in October 1999.
- ➔ Pilot sites in Gibsons and Prince George were offered by MCF to identify issues and develop refinements associated with the single project manager concept. Learning and improvements are passed on from one site to the next. The projects in Gibsons and Prince George were documented in the IBM Business Transformations department document *First-Stop Management—High Level Assessment*.
- ➔ A limited production roll-out (LPR) has been proposed for all relocations in one MCF region for one year, beginning during the fiscal year 2000/01. The LPR is intended to further refine the project co-ordination concept at implementation and move stages; add co-ordination of furniture and phone procurement to project activities at all stages by BCBC personnel; and expand the overall co-ordination concept to the planning stage. If successful, additional roll-outs of this concept would be considered by MCF.

Objective II

Improve the Efficiency and Effectiveness of the BCBC Model

We developed a community service delivery model which will significantly enhance our community service delivery for customers around the province and respond to increasing changes in our customer base (e.g., new decentralized ministries and non-ministry customers).

- ➔ The impact analyses and planning for the location of some leasing, project management and accommodation planning staff to district locations were completed, and, in some cases, implemented during the fiscal year 1999/00. The community service delivery model will be completely implemented during the fiscal year 2000/01.
- ➔ The community service delivery model will enable the development of service improvement teams across the Corporation designed to support continuous improvement in cost-effective customer service. A district service improvement team will focus on managing and resolving customer-satisfaction issues for all customers within each district. A corporate service improvement team will focus on resolving customer-satisfaction issues across districts. All service improvement teams will become operational in 2000/01.
- ➔ In October 1999, a cross-functional senior-staff Corporate Service Delivery Project Team was formed to implement the community service delivery model and undertake three related major activities: the design and implementation of a new customer relationship management framework, the identification of the Corporation's cross-functional core processes, and the development of a corporate template of services. In 1999/00, substantial progress was made in all these activities, with their finalization and implementation scheduled for 2000/01.

We completed an evaluation and assessment report on the Integrated Accommodation Planning (IAP) pilot project in Nanaimo. Community participants expressed strong support for Integrated Accommodation Planning.

- ➔ Integrated Accommodation Planning (IAP) is a process spearheaded by BCBC to encourage public-sector organizations to share information about their accommodation requirements. It serves as a catalyst for interagency planning, joint use of space and improved utilization of public-sector assets.
- ➔ The successful IAP pilot project for the City of Nanaimo was completed in January 1999 and provided detailed information on everything from zoning to improvements. It involved over 40 government representatives (local, regional, provincial and federal) who joined together to share information about their space inventories and requirements for the City of Nanaimo.
- ➔ The report identified the need to establish a framework to sustain the process of sharing inventory and program information, nurture opportunities to reduce operating and capital costs, and optimize public investments. BCBC is continuing to develop innovative information-sharing solutions such as the use of the Extranet (a secure Internet portal to list available space) to achieve these objectives.
- ➔ A presentation of the pilot results to Treasury Board Staff (TBS) in March 2000 received a favourable reception, and TBS concurred with the further use of the IAP process.
- ➔ BCBC will incorporate the knowledge gained from the Nanaimo IAP pilot project into any future pilots, the government's accommodation and planning framework, and the completion of its three remaining regional strategic accommodation plans.

We successfully implemented the first year of our new Performance Development Process (PDP), BCBC's new process for aligning employee performance with the Corporation's strategic objectives and business priorities.

- ➔ Building on the success and the lessons learned during the Nanaimo pilot, the Corporation plans to proceed with a second IAP project in the interior in 2000/01.

We successfully implemented the first year of our new Performance Development Process (PDP). PDP is BCBC's new process for aligning employee performance with the Corporation's strategic objectives and business priorities, and was developed in accordance with our 1996–2000 Human Resources Strategic Plan.

- ➔ PDP includes setting individual performance goals, defining measures of success, developing individual learning plans, and gathering multi-source feedback.
- ➔ PDP began in May 1999 with a Phase 1 pilot group of approximately 150 employees from across the Corporation. Phase 1 participants received extensive training and support throughout the year. Participants faced new challenges and learning experiences and gained a better understanding of their roles in the organization and how they can each contribute to the success of BCBC.
- ➔ Another 430 employees also began participating in PDP during the 1999/00 fiscal year. Phase 2 participants received their introductory training in February and March. This group has benefited from the lessons learned during the pilot year of PDP and, together with their Phase 1 colleagues, are now well underway with PDP.
- ➔ The effort and commitments of all those involved have contributed to better understanding of our individual and collective contributions to the attainment of BCBC's goals and objectives. All BCBC employees will be fully participating in PDP in 2001/02.

We made significant progress in addressing the key issues raised in the Employee Opinion Survey conducted in 1998/99 to measure employee perceptions of corporate flexibility and innovation, as well as other key performance indicators.

- ➔ An Employee Survey Action Plan was developed that identified 26 tasks designed to respond to employee concerns and to improve corporate capacity and effectiveness. A significant number of action plan activities were completed, with the remaining action plan items to be addressed in 2000/01.
- ➔ Employees were kept informed of our progress and provided with opportunities for comment and feedback.
- ➔ In order to continue to measure employee perceptions and enhance our effectiveness, we will be conducting another employee survey during 2000/01.

We implemented a new Human Resources Information System which enabled the Corporation to integrate an in-house database of employee information with the corporate payroll system.

- ➔ A major objective of the 1996–2000 Human Resources Strategic Plan was the integration of the human resources function with our business processes. An integrated and comprehensive database of employee information was necessary to fulfil this objective, as well as to comply with increasingly common internal and external reporting requirements.

We reviewed and refocused the long-term direction of the Corporation through the comprehensive and inclusive development of the new 2000–2003 corporate Strategic Plan.

- ➔ In 1999/00, the Human Resources Information System was integrated with the corporate payroll system. The first payroll deposits were processed using the new system in November 1999.
- ➔ The new system offers greater control of employee information. Advantages include providing additional information with pay stubs, such as changes in benefits or reminders to update beneficiaries, providing information in real time and providing a single repository of employee information. It also offers more comprehensive employee information and more flexible user-friendly tools to provide access to, and reporting of, this information. The new Human Resources Information System was delivered with an increased project scope and within the original budget and schedule.
- ➔ The Human Resources Information System will also support the Corporation's workplace diversity initiatives in that it will allow for the collection and compilation of voluntarily self-identified employee information relevant to the four designated groups: women, visible minorities, persons with disabilities and Aboriginal people.

We continued to assess our performance measurement system in order to streamline our reporting requirements, and continued to report our performance quarterly to our Board of Directors and to the Crown Corporations Secretariat.

- ➔ In addition to traditional financial indicators, we continued to report on our operations and productivity, on customer service and satisfaction, on our progress in environmental initiatives and on our contribution to government social and economic initiatives, such as youth employment initiatives. All these measures provided a balanced account of the Corporation over the course of implementing our 1996–2000 Strategic Plan.

We reported a final operating margin of 19.9% for the 1999/00 fiscal year which was lower than anticipated primarily because of the capitalization of tenant improvements initiative within government.

We reviewed and refocused the long-term direction of the Corporation through the comprehensive and inclusive development of the new 2000–2003 corporate Strategic Plan.

- ➔ A Core Planning Team of 22 BCBC employees representing various functions and districts, and including the executive, was formed to assess BCBC's current and future situation and develop drafts of the key elements of a 2000–2003 Strategic Plan. These key elements were the Enduring Purpose, Vision, Mission, Corporate Positioning, Core Values, Strategic Objectives, and Goals and Strategies.
- ➔ The Board of Directors and the majority of employees (over 75%) in the Corporation met to discuss the drafts and to provide input that was seriously considered by the Core Planning Team, which then amended the Strategic Plan accordingly. The underlying theme of this comprehensive development process was "people support what they help create."

Objective III

Improve the Satisfaction of All Four Customer Dimensions

We worked with our customers to enhance some customer service items identified through customer research.

- ➔ In December 1999, BCBC facilitated a series of customer focus groups on its billing system with both ministry and non-ministry customers. These focus groups resulted from comments received about the Corporation's billing processes through a more comprehensive customer opinion survey.
The focus groups results led to the development of a Billing System Review Action Plan which was shared with customers and includes:
 - some "quick fix" system enhancements designed to alleviate simple invoice format issues;
 - a series of steps to address more complex reporting issues; and,
 - a number of steps to improve ongoing training and communication.
- ➔ The enhancements to resolve simple issues were implemented during 1999/00. The more complex issues will be addressed in the fiscal year 2000/01. Steps to improve training and communication will also be started in the fiscal year 2000/01 and continue on a long-term, ongoing basis.

We reviewed our customer account management processes and made substantial progress in redefining them through the development of a more comprehensive customer relationship management framework.

- ➔ During 1999/00, in response to customer feedback, a cross-functional senior-staff Corporate Service Delivery Project Team worked on the design and implementation of four major customer-related activities, including a customer relationship management framework. The design of the customer relationship management framework will be finalized for review and approval in 2000/01, with implementation to begin during the year.

We completed the first year of a new comprehensive five-year 1998–2003 Environmental Management Plan, which encompasses a new environmental policy, pollution prevention and environmental remediation strategies, and a goal of obtaining ISO 14001 certification.

- ➔ The Environmental Management Plan was integrated with the new 2000–2003 Strategic Plan under Strategic Objective 4: Innovative Stewardship.
- ➔ An assessment of BCBC's corporate and director liability with respect to environmental issues was completed.
- ➔ Significant progress was made towards implementation of the environmental management system (EMS) that will be certifiable under the International Standards Organization ISO 14001 standard, including identification of 36 Significant Environmental Aspects (BCBC's impacts on the environment). As part of our objective to clean up past pollution, BCBC completed assessments of environmental risk and liability on all 165 Ministry of Transportation and Highways (MoTH) sites. Results indicate 100 sites require some form of action involving remediation, monitoring or risk assessment. Remediation planning commenced for the 22 sites with the highest risk.
- ➔ Initial assessments were conducted for all 88 sites occupied by the Ministry of Forests, the Ministry of Attorney General and the Ministry for Children and Families.
- ➔ Our initial pollution prevention program achieved 94% completion. We also successfully launched a partnership program with Highways contractors to develop a self-assessment tool for best-management practices of MoTH yards.

**We actively supported
employment and training
for young people
by participating in
the Crown Youth
Employment Initiative,
part of Youth Options BC.**

We undertook delivery of the provincial government's Green Buildings BC – Retrofit Program. This program assists provincially funded educational and health-care institutions to retrofit their buildings to conserve energy and water and reduce greenhouse gas emissions and waste generation.

- ➔ Under the program, retrofit projects will not have to compete with other priorities for funding as retrofit costs will be paid for from utility savings.
- ➔ Retrofits commonly involve efficient lighting systems, high-efficiency heating, ventilating and air conditioning systems, water conservation measures and innovative waste management systems. In addition to environmental benefits, retrofit activities can improve the comfort of building occupants, generate cost savings and create jobs. Participation by client institutions is on a voluntary basis.
- ➔ BCBC is delivering the program by facilitating the procurement of retrofit services from the private sector and its services are offered at no charge to clients.

We successfully met the millennium challenge by developing and implementing our Y2K management plan without incident and totally achieving our objective of ensuring no interruption of services and minimal cost to government as a result of Year 2000 issues related to buildings.

- ➔ After months of inventory analysis and testing, all systems in the more than 3,500 buildings we own or lease in more than 260 British Columbia communities were ready for Y2K. Many of these buildings use embedded computerized systems, which could have been affected. These include elevators, security and access systems, and client comfort systems such as heating, ventilation and air conditioning.
- ➔ Major concerns were freezing, flooding, fire, vandalism, theft and building system failures. Special emergency response teams were created to handle any problems between New Year's Eve and the first week in January. About 25% of staff worked through the holiday in high-priority buildings to ensure they were running and secure. No significant problems arose and client operations were unaffected by building-related problems.

We actively supported employment and training for young people by participating in the Crown Youth Employment Initiative, part of Youth Options BC.

- ➔ Each year, BCBC sets a goal of hiring 70 or more youths. In 1999/00, we exceeded our target by 20%, hiring 84 young people.
- ➔ The Crown Youth Employment Initiative provides young people, 24 years of age and under, with a wide range of employment and training opportunities at BC Crown corporations and the Workers' Compensation Board.

Opportunities for youth at BCBC have been provided in the following ways:

- Summer relief to cover typically entry-level duties during vacations over the period of June to September.
- Generation Y is a program BCBC has developed to assist at-risk youth, ages 17 to 24, to obtain six months of work experience in one of three areas: gardening, recycling, or heating, ventilation and air conditioning. A classroom component focuses on life skills, conflict resolution, writing and computer skills. Participants are encouraged to complete high school or equivalent and pursue post-secondary opportunities, including trades, where appropriate.

- Work experience as a component of the student's curriculum at an educational institution to put theory into practice, often for three-week periods.
- Co-operative education programs where post-secondary institutions partner with BCBC to provide students with practical experience supporting their field of studies. Terms can be either four or eight months.

Objective IV

Expand our Services to the Broader Public Sector Where Cost-beneficial to the Taxpayer

We initiated two benchmarking studies of the Corporation's new pricing policy to monitor private-sector comparability.

- ➔ The benchmarking studies will assess private-sector comparability of the new pricing policy in the leasing and the operations and maintenance sectors. The terms of reference for these benchmarking studies were developed by the pricing policy inter-agency steering committee, comprised of the Crown Corporations Secretariat, Treasury Board Staff, the Comptroller General, three client ministries and BCBC. The benchmarking studies will be completed in 2000/01, and the results presented to the pricing policy steering committee.

We increased our total non-ministry revenue to \$108.7 million from the 1998/99 total of \$89.5 million. This increase significantly exceeded our 1999/00 target of \$100.2 million.

- ➔ Non-ministry revenue for the Corporation refers to revenue from business with the broader public sector, including transfers of ministry accounts to independent agencies (e.g., regionalization of Ministry of Health programs to Regional Health Boards and Community Health Services Societies); business with Public Works and Government Services Canada; and new business development with other public-sector organizations (e.g., Crown corporations, school districts, societies).

We signed a new three-year Memorandum of Understanding with Public Works and Government Services Canada (PWGSC).

- ➔ The new three-year Memorandum of Understanding, signed on April 1, 1999, states that the two parties are committed to operating in the spirit of partnership and that they will share expertise and resources to the benefit of the taxpayer. To this end, both parties have agreed to work towards reducing overall costs; developing and implementing partnership opportunities to enhance program delivery; adding value to each other's products, services and people; encouraging excellence; and increasing influence, credibility and standing with the contracting community and communities they serve.
- ➔ Both organizations have built on the strength of an earlier Memorandum of Understanding which outlined a framework for them to share information, seek potential joint opportunities, enhance program delivery, and reduce overall costs for the federal and provincial taxpayer, as well as explore opportunities of mutual interest.
- ➔ Under this Memorandum of Understanding with PWGSC and through its existing infrastructure, BCBC is currently managing the operations and maintenance in federal buildings throughout BC (outside the Lower Mainland).
- ➔ A Protocol Agreement between BCBC and PWGSC was prepared for presentation and implementation in 2000/01.

We agreed to undertake the project management of the new Kitimat Hospital and Health Centre, the first full-service health centre undertaken by BCBC.

- ➔ Tripartite agreements between BCBC, PWGSC and the Department of National Defence (DND) and between BCBC, PWGSC and RCMP were also negotiated for implementation in 2000/01.

In co-operation with the BC Cancer Agency, we are surpassing the accelerated schedule for construction of the Vancouver Island Cancer Centre.

- ➔ The actual structure of the Vancouver Island Cancer Centre facility was completed, and construction is one month ahead of the accelerated schedule. Building systems equipment tenders were initiated and costs remained within budget.
- ➔ The major radiation therapy equipment was purchased by the BC Cancer Agency, with delivery scheduled for September 2000.

We agreed to undertake the project management of the new Kitimat Hospital and Health Centre, the first full-service health centre undertaken by BCBC.

- ➔ The agreement signed between BCBC, the Kitimat and Area Health Council, the North West Regional Hospital District and the Ministry of Finance and Corporate Relations gives BCBC budget and contracting responsibility. Project costs will be shared between the Ministry of Health and the North West Regional Hospital District.
- ➔ The \$38.3 million project begins construction in April 2000 and consists of 11,300m² and 58 beds. The health centre combines acute-care, multi-level care and community health services.
- ➔ Construction will be accelerated using construction management in order to complete the building structure and exterior by early winter of 2000, allowing interior work to be done during the winter months. Substantial performance of the construction contracts are scheduled for fall 2001, with both the acute-care hospital and multi-level care unit scheduled to be fully operational by January 2002.

We signed a five-year Memorandum of Understanding with the Ministry of Health designed to provide better access to health care throughout British Columbia.

- ➔ Under the Memorandum of Understanding, BCBC staff bring portfolio management, inventory assessment, long-range planning, and accommodations and facilities expertise to a team that includes health-care experts and capital planners. This team, called the Health Services Group, will support the Ministry of Health in meeting the province's health-care facilities objectives in the following ways:
 - by expanding an inventory system that identifies the suitability and condition of health-care facilities across the province;
 - by identifying priority health-care projects based on the inventory and program need;
 - by developing processes for integrating capital planning with program planning to ensure that the most needed projects are identified and delivered without delay;
 - by refining current business-case models to identify the financial, social and economic impact of each project; and,
 - by establishing a special project office that will focus on developing critically needed long-term care facilities. 🏢

Five-Year Highlights

	Year Ended March 31	2000	1999	1998	1997	1996
FINANCIAL	\$ THOUSANDS					
Gross Revenue		463,538	446,228	440,320	423,975	416,489
Operating Income		105,060	100,894	99,990	94,653	90,368
Interest		60,065	51,474	60,677	55,234	57,116
Net Income		44,995	49,420	39,313	39,419	33,252
Cash Flow		138,448	102,455	96,719	84,348	91,699
Total Assets (net)		968,684	1,095,714	1,073,676	1,056,921	1,009,018
	PER CENT					
Operating Income Margin*		19.9	20.8	20.6	20.9	18.8
Return on Investment		10.6	10.4	9.8	9.9	10.2
Return on Equity		15.8	18.1	17.1	19.1	18.2

The above financial results for the years ended March 31, 1999 and March 31, 2000 have been restated to reflect the change in treatment of tenant improvements.

	Year Ended March 31	2000	1999	1998	1997	1996
PROPERTIES	SQUARE METRES					
Owned		1,314,195	1,330,816	1,327,687	1,362,168	1,370,078
Leased		691,003	714,185	726,064	711,107	697,753
Maintained		350,473	406,186	261,569	237,645	185,241
		2,355,671	2,451,187	2,315,320	2,310,920	2,253,072
STAFF						
Full Time Equivalents		833	808	774	790	850

* Operating income margin has been restated to exclude gain on sale of properties from calculation.

Management's Report

The financial statements of the British Columbia Buildings Corporation have been prepared by management in accordance with generally accepted accounting principles which are considered appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits and within the framework of the accounting policies summarized in the notes to financial statements. The external auditors appointed by the Lieutenant-Governor-in-Council have examined the financial statements which have been approved by the Board of Directors on recommendation of the Audit Committee. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

The Audit Committee, comprised of non-management members of the Board of Directors, meets periodically with internal auditors, the external auditors and management to ensure that each group is discharging its obligations.

Management depends upon a system of internal accounting controls that provides reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate. This system is maintained through the performance of a comprehensive internal audit program.



Dennis Truss, FCA
President and
Chief Executive Officer



Lak Parmar, CMA
Vice President, Finance and
Chief Financial Officer

Report of the Auditor General of British Columbia

*To the Lieutenant-Governor-in-Council,
Province of British Columbia:*

I have audited the balance sheet of the *British Columbia Buildings Corporation* as at March 31, 2000 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation’s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Buildings Corporation* as at March 31, 2000 and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles.

Victoria, British Columbia
May 12, 2000


Wayne Strelieff, CA
Auditor General

Balance Sheet

	March 31	
\$ THOUSANDS	2000	1999
ASSETS		
Real estate investments		
Income-producing properties (note 4)	820,962	849,420
Income-producing properties under construction (note 5)	42,475	20,403
Land held for sale or development (note 6)	25,208	24,221
	888,645	894,044
Corporate properties and equipment (note 7)	10,367	9,907
Unamortized debt discount and issue expenses	9,082	9,679
Other assets (note 8)	60,590	182,084
	968,684	1,095,714
LIABILITIES		
Long-term debt (note 9)	543,301	617,267
Short-term debt (note 10)	75,404	109,866
Other liabilities (note 11)	78,720	71,317
EQUITY		
Contributed surplus, contributions by the Province of British Columbia	52,832	52,832
Retained earnings	218,427	244,432
	968,684	1,095,714
Commitments (note 12)		

On Behalf of the Board:


Doug Allen
 Chair


Stephanie Green, FCA
 Director

Statement of Income and Retained Earnings

\$ THOUSANDS	Year Ended March 31	
	2000	1999
REVENUES		
Rentals	399,342	398,995
Other income	48,313	37,270
Gains on sale of properties	15,883	9,963
	463,538	446,228
EXPENSES		
Lease costs	130,084	132,085
Operations and maintenance	97,162	95,222
Amortization	39,841	40,627
Client requested projects	38,880	33,316
Property taxes and grants	17,729	17,161
Energy	20,053	17,390
General and administrative	9,772	9,533
Environment (note 2h)	4,957	—
	358,478	345,334
INCOME BEFORE INTEREST	105,060	100,894
Interest (note 13)	(60,065)	(51,474)
NET INCOME	44,995	49,420
Retained earnings, beginning of year as restated (note 3)	244,432	197,012
Dividend	(71,000)	(2,000)
RETAINED EARNINGS, END OF YEAR	218,427	244,432

Statement of Cash Flows

\$ THOUSANDS	Year Ended March 31	
	2000	1999
OPERATING ACTIVITIES		
Net income	44,995	49,420
Non-cash items		
Amortization of capital assets and other amounts	40,140	40,927
Gains on sale of properties	(15,883)	(9,963)
Other assets and liabilities, net change	49,699	10,864
Proceeds from sale of properties	19,497	11,207
	138,448	102,455
INVESTING ACTIVITIES		
Real estate investments	(34,934)	(16,275)
Corporate properties and equipment	(3,713)	(1,771)
	(38,647)	(18,046)
FINANCING ACTIVITIES		
Long-term debt issued	–	50,012
Long-term debt repayments	(136,655)	(55,122)
Decrease (Increase) in sinking funds	62,817	(19,618)
(Decrease) Increase in short-term debt	(34,462)	5,572
	(108,300)	(19,156)
DIVIDENDS PAID		
Declared in current year	(71,000)	(2,000)
	(71,000)	(2,000)
CASH POSITION		
Net (Decrease) Increase in cash during the year	(79,499)	63,253
Cash position, beginning of year	94,551	31,298
CASH POSITION, END OF YEAR	15,052	94,551
Cash position consists of cash and temporary investments less bank indebtedness		

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

1. Statement of Purpose

British Columbia Buildings Corporation, established in 1977 as a Crown corporation of the Province of British Columbia through the enactment of the *British Columbia Buildings Corporation Act*, has a mandate to serve as an agency of the Crown in providing accommodation and real estate services to the provincial government. Corporate and client accountability is achieved by establishing market-based rents, payable by the client to the Corporation. During the year, the Corporation received 73% (1999 – 78%) of its revenues from provincial government ministries, with the balance from other sources.

2. Accounting Policies

(a) Real Estate Investments and Corporate Properties and Equipment

Real estate investments and corporate properties and equipment are recorded at cost less accumulated amortization. In addition to land and direct costs, amounts capitalized to real estate investments during development and construction include property taxes and the applicable portion of both interest on general borrowings and general and administrative expenses. Capitalized costs do not exceed estimated future recoveries for income-producing properties and estimated realizable value for land held for development.

(b) Temporary Investments

Temporary investments represent short-term funds administered by the Province of British Columbia. These investments are recorded at cost which approximates market.

(c) Amortization

Real estate investments and corporate properties and equipment are amortized on an individual basis by the straight-line method over their estimated useful lives or lease terms. Amortization is prorated by month in the year of acquisition or disposal.

The estimated useful lives or lease terms of income-producing and corporate properties are from five to 40 years. The estimated useful lives of all other assets are from three to 10 years.

(d) Income Taxes

The Corporation is exempt from federal and provincial income taxes.

(e) Amortization of Debt Discount and Issue Expenses

Debt discount is amortized by the effective rate of interest method and issue expenses are amortized on a straight-line basis, both over the terms of the applicable debt.

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

(f) Rentals Received in Advance

Rentals received in advance are amortized using the effective rate of interest method over the period to which they relate.

(g) Related Party Transactions

The Corporation is related through common ownership to all Province of British Columbia departments, agencies and Crown corporations. Transactions with these entities, as well as other transactions in which provincial government intervention is a component, are generally considered to be in the normal course of operations and are recorded at the exchange amount. Unless disclosed separately in these financial statements, this exchange amount approximates market.

(h) Environmental Expenditures and Liabilities

Under the current environmental legislation and the Corporation's standard accommodation agreement with clients, responsibility for site cleanup rests with the polluter.

Environmental expenditures incurred as a result of the ongoing business activities of the Corporation are expensed or capitalized as appropriate. Environmental cleanup costs are recoverable from clients. These recoveries are included in other income.

3. Change in Accounting for Tenant Improvements

The accounting for capital tenant improvements has been changed. Items previously classified as income-producing properties are now classified as long-term accounts receivable. This change in accounting treatment has been applied retroactively. The opening balance of retained earnings at April 1, 1998 has been increased by \$10,173,000 and income for the year ended March 31, 1999 has been increased by \$1,325,000 representing the difference between the net book values of the items previously recorded as assets and the outstanding unamortized balance of the related accounts receivable.

The effect on the opening balance sheet of March 31, 1999 is a reduction in income-producing properties of \$52,200,000 and an increase in other assets of \$63,698,000. For the year ended March 31, 2000, the Province paid out its share of the receivables for \$60,212,000. These projects are now treated as client request expense/revenue (other income) when incurred. The income statement effect in the current fiscal year was to reduce revenue by \$4,778,000, amortization by \$9,326,000, interest by \$6,090,000 and increase client request expense by \$10,274,000.

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

	2000	1999
4. Income-Producing Properties		
Net book value:		
Cost	1,313,944	1,310,411
Accumulated amortization	(492,982)	(460,991)
	820,962	849,420
Activity:		
Net book value, beginning of year	849,420	877,406
Properties transferred from income-producing properties under construction	11,682	10,623
Acquisitions (disposals), net	(3,469)	(1,241)
Amortization expense	(36,671)	(37,368)
Net book value, end of year	820,962	849,420
5. Income-Producing Properties Under Construction		
Balance, beginning of year	20,403	15,398
Direct development and construction costs	27,731	12,293
Capitalization of:		
Interest	1,868	1,237
General and administrative expenses	4,155	2,098
Cost of properties completed and transferred to income-producing properties	(11,682)	(10,623)
Balance, end of year	42,475	20,403
6. Land Held For Sale or Development		
Balance, beginning of year	24,221	23,574
Capitalization of interest and property tax	681	647
Acquisitions	306	—
Balance, end of year	25,208	24,221
7. Corporate Properties and Equipment		
Cost:		
Office and data processing equipment	22,514	19,520
Corporate properties and leasehold improvements	8,296	8,043
Maintenance equipment	3,271	3,263
Vehicles	5,231	4,986
	39,312	35,812
Accumulated amortization	(28,945)	(25,905)
	10,367	9,907

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

8. Other Assets	2000	1999
Cash	–	2,051
Temporary investments	18,000	92,500
Accounts receivable:		
Province of British Columbia	20,526	65,797
Other	21,926	21,510
Prepaid expenses	138	226
	60,590	182,084
9. Long-Term Debt	2000	1999
Debentures payable to the Province of British Columbia		
Various issues at an average effective interest rate of 8.48% (1999 – 8.59%) maturing at various times to 2029 (1999–2029)	647,512	687,512
Debentures payable to the Minister of Finance for Canada to the credit of the Canada Pension Plan Investment Fund		
One issue maturing May 9, 2000 at an effective interest rate of 13.46%. In the prior year various issues maturing 1999–2003 at an average effective interest rate of 14.26%	10,000	106,655
Mortgage payable to the Bank of Montreal	1,340	1,468
	658,852	795,635
Sinking funds on deposit with the Province of British Columbia	(115,551)	(178,368)
	543,301	617,267

At March 31, 2000, the coupon rates on the long-term debt ranged from 5.40% to 13.46% (1999 – 5.40% to 15.69%).

The Province of British Columbia has unconditionally guaranteed the principal and interest of all debt payable to third parties.

Principal payments, net of projected sinking fund balances at maturity, and sinking fund payments for each of the next five years:

2000/01	32,543
2001/02	12,035
2002/03	12,035
2003/04	53,253
2004/05	9,973

On March 31, 2000, \$136,655,000 of outstanding long-term debt, together with related sinking fund investments, was removed from the Corporation's balance sheet under a defeasance agreement with the Province of British Columbia. The Province has unconditionally relieved the Corporation of any further obligations regarding these securities. Interest costs of \$16,969,000 associated with the debt defeased (average effective interest rate of 13.23%) are included in other interest expense (see note 13).

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

10. Short-Term Debt

The interest rates on short-term debt range from 5.05% to 5.22% (1999 – 4.23% to 5.63%), and result in an average effective interest rate of 4.76% (1999 – 4.89%) for the notes outstanding. These notes mature at varying dates to May 15, 2000 and are payable to the Province of British Columbia.

11. Other Liabilities

	2000	1999
Bank indebtedness, unsecured	2,948	–
Accounts payable and accrued liabilities	28,316	27,424
Holdbacks	15,603	3,488
Accrued interest payable:		
Province of British Columbia	12,034	12,345
Other	678	4,929
Deferred revenue	19,141	23,131
	78,720	71,317

12. Commitments

The Corporation estimates that the cost to complete projects under construction at March 31, 2000 will be \$29,131,000 of which \$17,928,000 has been committed.

The Corporation has entered into leases with third parties to provide space for clients and corporate operations for varying periods up to the year 2032, at a total aggregate net rental of approximately \$446,483,000. Most leases are from five to ten years and include renewal options.

Minimum lease payments which will be charged to operations in subsequent years for leases committed at March 31, 2000:

2000/01	101,396
2001/02	86,697
2002/03	74,068
2003/04	58,118
2004/05	35,242
Thereafter	90,962

The Corporation had outstanding letters of credit totalling \$596,000 at March 31, 2000 to guarantee performance on various projects.

Notes to Financial Statements

March 31, 2000

(Tabular amounts in \$ 000s)

13. Interest

	2000	1999
Interest on long-term debt	70,725	70,243
Other interest (see note 9)	19,846	2,279
Amortization of debt discount and issue expenses	298	300
	90,869	72,822
Deduct:		
Sinking fund earnings	28,377	19,553
Interest capitalized	2,427	1,795
	30,804	21,348
	60,065	51,474

14. Accounting Estimates

Financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Accounts receivable are evaluated as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for amortization of capital assets and deferred charges are based on estimates of the useful life benefit of these assets. The effect on the financial statements of changes in such estimates in future periods is not anticipated to be significant.

15. Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Pension (Public Service) Act*. The Superannuation Commission of the Province of British Columbia administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a defined benefit pension plan. The financial position of the Plan is described in the financial statements of the Plan included in the Public Accounts of the Province. The Province of British Columbia has statutory responsibility for any unfunded liability. The most recent actuarial evaluation has determined the Plan is in a surplus position. During the year, surplus contributions of \$1,908,000 were refunded to the Corporation (1999 refund \$400,000).

British Columbia Buildings Corporation (BCBC) is a Crown corporation established in 1977 to provide accommodation and real estate services to the provincial government. In 1997, provincial legislation was passed to expand BCBC's mandate to enable the Corporation to provide its services to the broader public sector.

BCBC's mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by efficiently planning, providing and managing accommodation and real estate solutions; by providing responsible stewardship of the assets and resources entrusted to it; and by contributing to the sustainability of communities and the environment.

Scope of Operations

BCBC's diverse portfolio ranges from the Vancouver Law Courts and Robson Square complex to heritage buildings dating from the 1860s, to office buildings, residential institutions, courthouses, forestry complexes, fish hatcheries, ambulance stations, correctional centres and isolated highways facilities.

BCBC manages over 3,500 buildings comprising almost 2.4 million square metres (25.8 million square feet) of space.

Organizational Structure

BCBC is a highly decentralized Crown corporation with a province-wide network of employees strategically located in eight districts which include 70 service centres and satellite offices. Over two-thirds of BCBC employees are located throughout the province.

The Corporation retains only sufficient permanent employees to ensure that public-sector accommodation services are delivered at best value for the taxpayer. The Corporation strongly believes that the *management* of the delivery of accommodation, real estate, operations, maintenance, design and construction services is best provided through in-house expertise; but that the *actual delivery* of most of these services is best accomplished through the private sector. Accordingly, BCBC is essentially an accommodation and real estate management corporation, having privatized most of its day-to-day operations.

Community Presence

BCBC's portfolio of leased, owned and maintained properties extends throughout almost 300 communities across the province. This strong community presence is supported by a province-wide network of corporate representatives strategically located in eight districts which include 70 service centres and satellite offices.

This comprehensive community presence enables BCBC to respond promptly to local customer needs, while, at the same time, providing opportunities for more than 7,000 local community suppliers of space, materials and services throughout the province.

Financing

BCBC is structured similarly to a private-sector enterprise. The Corporation uses private-sector management and accounting methods and is totally revenue-dependent.

BCBC provides accountability by charging rents according to market principles and ensures that its underlying policies are fully market-defensible. This approach has enabled BCBC to earn market-comparable financial returns on both individual projects and on total operations, as well as to pay annual dividends to its shareholder — the Province.



BCBC Districts

Victoria District:

downtown Victoria, Legislative Precinct, Government House.

Vancouver Island/North District:

suburban Victoria, Vancouver Island, Powell River, Gulf Islands.

Vancouver District:

City of Vancouver, North Vancouver, West Vancouver, Pemberton, Sunshine Coast, Squamish, Whistler.

Burnaby/New West/Tri-Cities District:

Coquitlam, Port Coquitlam, Port Moody, New Westminster, Burnaby.

Fraser District:

Abbotsford, Maple Ridge, Chilliwack, Upper Fraser Valley, Hope, Delta, Surrey, White Rock, Langley, Richmond, Cloverdale, Aldergrove, Pitt Meadows.

Thompson/Okanagan/Cariboo District:

Kamloops, Vernon, Kelowna, Penticton, Salmon Arm, Merritt, Lillooet, Blue River, Osoyoos, Quesnel, Williams Lake, 100 Mile House, Bella Coola, Horsefly, Alexis Creek, Clearwater, Princeton, Sicamous, Oliver.

Kootenay/Columbia/Boundary District:

Nelson, Cranbrook, Golden, Revelstoke, Castlegar, Grand Forks, Invermere, Fernie, Creston, Kimberley, Rossland.

Skeena/Central Interior/Peace District:

Prince George, Fort St. John, Dawson Creek, Fort Nelson, MacKenzie, McBride, Valemount, Vanderhoof, Terrace, Smithers, Prince Rupert, Burns Lake, Stewart, Dease Lake, Atlin, Kitimat, Queen Charlotte Islands.

Auditors

The Auditor General of British Columbia

For further information about the British Columbia Buildings Corporation please contact our head office by mail or telephone **(250) 952-8328** or by fax **(250) 952-8282** or by e-mail at vkempkes@bcbc.bc.ca or on the Internet at www.bcbc.bc.ca

This Annual Report is available on the BCBC Web site: www.bcbc.bc.ca

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British Columbia Buildings Corporation
2000 Annual Report

This entire report, in accordance with British Columbia Buildings Corporation environmental practices, is printed with vegetable oil-based inks on paper that is both recycled and recyclable.

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