



2012/13 - 2014/15

**CROWN
CORPORATION
SERVICE PLAN
GUIDELINES**

September 2011

**CROWN CORPORATIONS SERVICE PLAN GUIDELINES
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INTRODUCTION

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

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

A good service plan should be:

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

A service plan is the Crown corporation Board of Director's document, as the Board is ultimately accountable for the Crown corporation's performance. However, because the Minister responsible for the Crown corporation is required under the BTAA to table the service plan in the Legislature, the Minister will review and provide input into the plan prior to it being finalized, and must approve the final version. This review ensures that the plan is consistent with the BTAA requirements, the government's fiscal plan, and Cabinet's direction to the Crown corporation through the Government's Letter of Expectations, Memorandum of Understanding, ministry policy direction or other means. To assist the Minister Responsible in the review, ministry staff, Crown Agencies Resource Office (as requested) and Treasury Board Staff will review drafts of the plan and provide feedback to the Crown corporation.

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

New for 2012/13

- Timelines have been updated to reflect the 2012 Budget Day date of February 21, and to add timelines for ministries to review a second draft of the service plan (see Key Dates table below);
- In the Summary Financial Outlook section, a requirement has been added to separately list operating expenses from total expenses (see Knowledge Network 2011/12 service plan for good example);

- More information has been included on the ministry process to upload plans to the Cabinet Operations SharePoint site, and on the Treasury Board Staff review process – see the Key Dates table and the Review, Approval and Publication section (Section B4);
- Crown Agencies Resource Office staff are available to review all taxpayer-supported Crown corporation service plans at ministry request. Cabinet Operations will no longer be reviewing Crown corporation service plans; and
- Crown Agencies Resource Office will now be coordinating the Large Commercial Crown Corporation service plan submission and review process. Cabinet Operations will still coordinate the Queens Printer/Budget Day process for all Crown corporation service plans.

Areas of Continuing Emphasis

- Message from the Chair:
 - Include summarized information from body of plan on market and industry issues and expected risks and opportunities;
 - Ensure Message is forward looking with focus on 2012/13 year, rather than 2011/12.
- The risk and opportunities disclosure section should be in table form, should be forward looking, and should be specific to 2012/13 (see ICBC and BC Lottery Corporation 2011/12 service plans for examples);
- Include an explanation of why specific service plan target levels (e.g. numbers, dollars, percents) were chosen (see Pacific Carbon Trust 2011/12 service plan) and how achieving them will help to demonstrate the corporation's success in meeting its goals (see BC Lottery Corporation and Transportation Investment Corporation 2011/12 service plans for examples);
- Include information on how the Crown corporation plans to address 2012/13 Government's Letter of Expectations direction, including action planned to address climate change and carbon neutrality initiatives (see BC Pavilion Corporation 2011/12 service plan for example);
- Summary Financial Outlook:
 - Include information on total debt and retained earnings in Financial Outlook table (even if zero); and
- Subsidiary Disclosure:
 - Include detailed subsidiary financial information, including 2010/11 actual results, forecast for 2011/12, and budgeted revenues, expenditures and net income for 2012/13 – 2014/15, including a brief discussion of inoperative subsidiaries; and
 - Include a list of the names of the members of the Board of each subsidiary, active or not.

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

KEY DATES		
Date	Taxpayer-supported and smaller Commercial Crown Corporations (see Appendix A for list)	Five Largest Commercial Crown Corporations (see Appendix A for list)
December 19 – 23, 2011*	Crown corporation sends draft service plan to ministry responsible contact for review. Ministry responsible staff member uploads draft plan to Cabinet Operations SharePoint site for TBS review. (Ministry responsible has option to ask CARO to also review plan)	Crown corporation sends draft service plans to Crown Agencies Resource Office (CARO). CARO will send draft plan to ministry responsible and Treasury Board Staff (TBS) for their review
January 6, 2012	Ministry send consolidated comments from ministry staff, TBS and CARO (if requested) on draft service plan to Crown corporation	CARO sends consolidated CARO/TBS/ministry comments on draft service plan to Crown corporations
January 11, 2012	Crown corporation sends second draft of service plans, incorporating changes from first draft, to ministry responsible for second review	Crown corporations send second draft of service plans, incorporating changes from first draft, to CARO for second review. CARO will send copy to ministry for their review
January 11 – 20, 2012	Crown corporation obtains Board approval of draft service plan	Crown corporations obtains Board approval of draft service plan
January 13, 2012	Final board-approved financial and forecast information sent by Crown corporation to ministry responsible. Ministry responsible uploads to Cabinet Operations SharePoint site for TBS final review. (Crown corporations must ensure that financial information submitted matches financial information in the government fiscal plan)	Final board-approved financial and forecast information submitted to TBS by Crown corporation. (Crown corporation must ensure that financial information submitted matches financial information in the government fiscal plan)
January 16, 2012	Ministry responsible sends ministry and TBS comments on second draft to Crown corporation	CARO sends consolidated comments on second draft to Crown corporation
January 20, 2012	Crown corporation sends draft Board-approved service plan, incorporating ministry responsible's comments, to Minister Responsible for review and input	Crown corporation sends draft Board-approved service plan, incorporating CARO and ministry's comments, to Minister Responsible for review and input
Before January 31, 2012	Smaller commercial and taxpayer supported Crown corporations send their Board and Minister-approved service plans in PDF to	

	their ministry contacts	
January 31, 2012	Ministry responsible uploads final smaller commercial and taxpayer-supported Board and Minister-approved service plans to Cabinet Operations SharePoint site. Cabinet Operations will coordinate with Queens Printer for printing	Five largest Commercial Crown corporations send their Board and Minister-approved service plans in PDF to Cabinet Operations. Cabinet Operations will coordinate with Queens Printer for printing
February 21, 2012	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day

***Note:** These are the latest dates for submission of first drafts. Ministries can ask for drafts to be submitted earlier if required for workflow purposes.

Purpose of these Guidelines

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

- advise Crown corporations of the information that should be included in their 2012/13 - 2014/15 service plans; and
- assist them to develop service plans that are consistent with the intent of the BC Reporting Principles, the requirements of the BTAA, the service plans of other Crown corporations, and best practices.

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

Definitions

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

- **Crown corporations** are government organizations that are within the Government Reporting Entity and subject to the BTAA. Crown corporations are required to table service plans unless exempted by the Lieutenant Governor in Council.
- **Subsidiaries** of Crown corporations are also government organizations within the Government Reporting Entity and are subject to the BTAA. Crown corporations must report on their subsidiaries either in the parent organization's service plan (including all the information listed in section A.11), or file a separate service plan for each subsidiary.
- **Operating segments** include business units or other component of a Crown corporation:
 - that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization);
 - for which discrete financial information is available; and,

- whose revenues, profits (or losses), or assets are ten percent or more of the organization's total revenue, profits (or losses) or assets.

Crown corporations are expected to report on the financial results of operating segments in their service plans – see list of required elements in section A.11.

BC Reporting Principles

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

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

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

If you are unfamiliar with the Reporting Principles, you can find detailed information and examples of the use of the BC Reporting Principles at http://www.gov.bc.ca/caro/attachments/performance_reporting_principles_2003.pdf.

Informational Appendices

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

MINIMUM CONTENT REQUIREMENTS

1. KEY ELEMENTS

This section provides an overview of the key elements to be included in each Crown corporation's service plan. A checklist is provided in Appendix B to assist Crown corporation staff to prepare service plans and ministry staff to review the service plans to ensure the contents of plans meet the minimum content requirements listed in these guidelines.

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

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

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

The following list identifies the minimum content requirements of 2012/13 - 2014/15 service plans for Crown corporations:

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

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

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

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

The intent of this message is to provide a high-level forward-looking summary (similar to an executive summary) to the Minister, government, and the public of the key elements of the Crown corporation's service plan from the perspective of the Board. The Message should not focus on the activities and accomplishments of the previous year. The message should include:

- a brief overview of the significant activities that are anticipated over the three-year planning period;
- the main focus of planning for the 2012/13 year;
- a summary of any major changes that have occurred in the organization since the last service plan was published or that are expected in the current year;
- a brief description of expected market and industry issues that may have an effect on activities or performance;
- significant risks and opportunities that the organization expects to face during the planning period, what the effect could be on planned activities and how the organization intends to monitor or mitigate the risks or take advantage of the opportunities; and
- a signed accountability statement.

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

Excerpt from Message from the Chair summarizing expected risks (*Legal Services Society 2011/12*)

In 2011/2012, the Legal Services Society will continue to face challenges from the growing demand for legal aid and the rising cost of justice. The society has identified two specific initiatives which will make the greatest long-term contribution to addressing these challenges:

- Delivering cost-effective legal aid by integrating legal services with other social services
- Managing the cost and complexity of large criminal cases

Implementing these initiatives will require collaboration amongst all justice system stakeholders, and the society intends to begin in 2011/2012 a series of conversations about these projects with our justice system partners.

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

The accountability statement should include the following points:

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

Sample Accountability Statement

The 2012/13 - 2014/15 [Organization XX] service plan was prepared under [my/the Board's] direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. [I am/The Board is] accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

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

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

3. TABLE OF CONTENTS

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

4. ORGANIZATIONAL OVERVIEW

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

Information in this section should include:

- enabling legislation;
- legislated mandate;
- vision;
- values;
- the organization's core business areas;
- what overall benefit or service (jobs, social benefits, revenue for other programs, etc.) the organization provides to the public;
- principal partners, clients and stakeholders;
- how the services are delivered (i.e. by the organization or by a partner/third party). If services are delivered by a third party or under an alternative service delivery arrangement, an explanation of what the delivery mechanism is, and how the organization ensures the services are delivered appropriately should be included; and
- location of operations.

Crown corporations are encouraged to add a hyperlink to their websites if they would like to provide additional details on any aspects of the organizational overview.

5. CORPORATE GOVERNANCE

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

- the role and membership list of the Board of Directors;
- the purpose and membership list of each Board Committee;
- the names and job titles of senior management teams of the organization;
- the organization's governance principles;
- key accountability relationships with Ministers, ministries, and any other significant reporting relationships;
- whether or not the Board governance information on their websites includes all information required by the Board Resourcing and Development Office's board governance disclosure requirements for Crown corporations as listed in Section 3 of the Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations. The Best Practice Guidelines can be referenced at <http://www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf>. See pages 33 - 41 of the Best Practice Guidelines for the list of disclosure requirements; and
- a hyperlink to the location of the Crown corporation's full board governance disclosure on the Crown corporation's website.

(For subsidiary governance reporting see section A. 11)

Example of Board Governance Principles (*Knowledge Network 2011/12*)

Principles	How They Are Achieved
Ensure broad-based, relevant Board representation.	Recommend individuals from business, education, finance, law, new media, and other relevant disciplines.
Promote strategic macro-governance direction.	Work with management to ensure continuous improvement of service delivery.
Maximize value for money.	Operate by demonstrating effectiveness and efficiency in use of resources.
Listen to KNC partners.	Seek input from partners, stakeholders, and the provincial government and act on it.
Leverage best practices including the selection of performance measures and targets.	Support the CEO in the development, implementation, and evaluation of a Service Plan that meets goals and objectives set by the Board.

Example of Board Governance Disclosure (*Provincial Capital Commission 2011/12*)

The PCC complies with the 12 disclosure requirements of the Best Practice Guidelines on Governance and Disclosure published by the Board Resourcing and Development Office. The disclosures include terms of reference for the Board and its committees, the Chair and the CEO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at: http://www.bcpcc.com/about_governance.php.

6. STRATEGIC CONTEXT

This section should succinctly discuss the organization's operating environment, risks and opportunities and organizational capacity. Discussion should be forward looking, focus on the 2012/13 year, and should not focus on the previous year's activities.

Operating environment information in this section should identify:

- any expected shifts in the organization's internal operating environment that could have a significant effect on results in the next three years (i.e. reorganization, expansion, divestiture of non-core business operations, changes or enhancements to information systems, changes in products or services, etc.); and
- economic and industry factors, trends, opportunities and challenges that may have a significant favourable or unfavourable impact on performance in the coming year. Crown corporations should work with ministries to ensure that they use the same economic assumptions for interest rates, inflation, etc. that government does; assumptions are provided by Ministry of Finance.

Service plan documentation on **risks and opportunities** should include, in table form:

- A summary of the significant financial and operational risks and opportunities (e.g. technological constraints, dependence on major suppliers or customers, interest rate

fluctuations, changes in service demand levels, regulatory issues, changes in access to markets, etc.) that could potentially impact the organization's performance during the planning period. Risk and opportunity information should be specific and should focus on 2012/13;

- the potential impact of the risk or opportunity on planned results; and
- how the organization plans to monitor, address or mitigate the impacts.

Information on **operational capacity** should include:

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

Example of Risk Discussion (*BC Lottery Corporation 2011/12*)

Risks and Opportunities	Impacts	Actions
<p>Regulatory Change Risk: Complying with evolving regulatory requirements may create additional financial or operational challenges or compliance may not be fully achieved.</p> <p>Opportunity: Compliance initiatives may strengthen systems and identify opportunities for improvement.</p>	<p>If new regulations are applied to our business, BCLC may be required to implement new processes that increase our operating costs. If systems and processes to support compliance are ineffective, BCLC may face fines, increased regulatory oversight or a decline in public trust</p>	<p>Goal #1 Public/Planet In addition to a formal policy Office, BCLC has committed significant resources to our compliance programs, including Legal Services and Operational and Internal Audit Services. We will continue to develop and strengthen compliance programs. Further expertise and technical resources to support compliance are planned for 2011/12.</p>
<p>Service Provider Management Risk: BCLC relies on private sector service providers to support the delivery of gambling products and business operations. Our plans may not be carried out as defined in contracts or other agreements, or may not be successfully delivered.</p> <p>Opportunity: The ability to leverage the knowledge and expertise of service providers for mutual success.</p>	<p>Products and/or services may not deliver on expectations, meet only part of BCLC's or the customer's needs or may not be aligned with BCLC strategic direction. BCLC's operations and net income may be negatively impacted by a market disruption resulting from the business failure of a service provider or if a service provider does not invest to maintain facilities and grow the business.</p>	<p>Goal #2 Player Goal #3 Financial/Operations BCLC actively works with our service providers in operating the gambling business, in areas such as financial performance and compliance reporting, product and customer service delivery, to improve the gambling business in British Columbia for the benefit of our players and the Province of British Columbia.</p>

Discussion of Capacity Issues *(BC Securities Commission 2011/12)*

IT Capability

As the BCSC expands its tools for compliance and enforcement, and as technology functionality expands each year, we need to make continual investments in IT systems to support our regulatory effectiveness.

On a local level, we have three large systems projects that are critical to building our capacity. The first is our document management system, which centralizes all commission records in one location. This is a key platform for launching more market intelligence analytics in the future. The second project is an enhanced exempt distribution reporting system that will enable more complete data collection for surveillance purposes. The third project is a case management system that will enable more efficient workflow processes and provide transparency into all case-related decisions taken at the BCSC.

Appendix G presents more information on risks and capacity, including additional examples.

7. GOALS, STRATEGIES, MEASURES, TARGETS AND BENCHMARKS

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

Crown corporations should strive for consistency in their goals, strategies and performance measures. Significant changes should only be made if policy objectives or priorities change, and a new goal, strategy or measure will provide the organization with significantly better feedback on their performance. Targets, on the other hand, should be changed or increased if an organization is consistently meeting or exceeding previous targets.

In this section, organizations should include:

- The goals, strategies, performance measures and targets for each year of 2012/13 – 2014/15, plus historical target results for 2010/11 and forecast for 2011/12 (if performance measures are unchanged from 2010/11 and 2011/12) to provide context;
- a description of why the goals, strategies and measures chosen are of critical importance to the organization, and how they relate back to its mandate;
- an explanation of why the specific target levels (i.e. the dollars, numbers, percentages, timing) included in the plan were chosen (were they based on benchmarks, industry standards, past performance, client demand or trend analysis?), and how they will help to demonstrate the organization's success in achieving its goals;
- any significant changes to the goals, strategies, measures and targets since the previous service plan and the reasons for the changes (Note: this information should be in table form, and should include the previous goal/measure, the new, and the reason for changing. If lengthy, should include as an Appendix and reference from this section);
- information on performance management and reporting systems that will be used to track results, including:
 - a description of the sources of data used in performance measurement (internal computer systems, third party sources, audited financial statements, manual systems, calculations made

to produce the data, etc.). **This information should be included for each target or group of related targets;**

- a discussion of how management ensures that the data being used to track performance is accurate and can be relied on (i.e. reviewed by internal audit, strong internal controls, testing and documentation of systems, outside verification, verification of third party information, etc.); and
- an explanation of any limitations to the accuracy and reliability of the data (use of estimates, etc.); and
- benchmarking information, including:
 - what organizations they will be benchmarking against;
 - which performance measures the organization will be comparing to outside benchmarks in their annual reports; and
 - If no comparable benchmark information has yet been identified, this should be disclosed in the service plan, and the organization's research into and progress in identifying suitable benchmarks described.

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

GOAL						
STRATEGIES						
1.						
2.						
3.						
PERFORMANCE MEASURES		TARGETS				
		2010/11 Actual	2011/12 Forecast	2012/13	2013/14	2014/15
1.						
2.						

Goals

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

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

Goals should address the most critical aspects of the organization's performance, and provide a balance between the organization's most significant financial and non-financial activities.

Examples of Goal Statements from Past Service Plans

- Support collections that are representative of the human and natural history of BC (*Royal BC Museum*)
- Remain commercially viable and increase productivity (*Partnerships BC*)
- Operational Efficiency - supports and services needed by adults with developmental disabilities and their families are provided in a cost-effective and equitable manner (*Community Living BC*)

Strategies

Strategies are the activities that an organization plans to undertake during the upcoming year to accomplish its goals. An organization should include **a maximum of four strategies per goal**, focussing on those of highest importance to achieving the goal.

Examples of Strategies from Past Service Plans

- Develop a formal risk management framework (*Columbia Basin Trust*)
- Improve and consolidate the student complaint process (*Private Career Training Institutions Agency*)
- Coordinate/collaborate with other service providers to increase clients' services for their related legal issues (*Legal Services Society*)

Performance Measures

Performance measures are the indicators of output, process or outcome that the organization plans to track and measure in order to determine how successful the organization has been in achieving its goals and strategies. An organization should include **between one and three performance measures per goal**. Each goal should have at least one performance measure.

In determining which measures to include, Crown corporations should ensure that the chosen measures are substantially attributable to the activities of the organization, that they include both financial and non-financial measures, include outcome measures where possible, and that they will clearly demonstrate how successful the organization has been at achieving its goals. Crown corporations should focus on their key performance measures in service plans – other performance measures can be tracked in internal business plans.

Appendix C presents more information on performance measures.

Examples of Performance Measures from Past Service Plans

- Percentage of homeless individuals accessing housing who remain housed six months after placement (*BC Housing Management Commission*)
- Average cost per property for assessment services (*BC Assessment*)
- Percentage of workshop participants who recall investor education messages of red flags (*BC Securities Commission*)

Targets

Targets document the quantifiable performance levels the organization plans to attain in each year of the planning period, and, year-over-year, track the organization's intended progress toward the achievement of specific goals. **Each performance measure should have an associated target.**

Examples of Performance Measures and Targets from Past Service Plans

Performance Measures	Targets			
	Baseline	2011/12	2012/13	2013/14
<ul style="list-style-type: none"> Controllable Administration Costs as Percentage of Program Delivery Costs (<i>BC Housing Management Commission</i>) 	8.2%	10% or less	10% or less	10% or less
<ul style="list-style-type: none"> Knowledge Partner Donations (<i>Knowledge Network</i>) 	\$2.3M	\$2.4M	\$2.49M	\$2.59M
<ul style="list-style-type: none"> Percentage of applications responded to by First Nations (<i>Oil and Gas Commission</i>) 	84%	85%	85%	85%

Discussion Showing how Target was Set (*Community Living BC 2010/11*)

Baselines were established in 2009/10 for the three measures chosen for this goal to allow time for changes to CLBC's service delivery approach and field practice in response to the independent service delivery review and transfer of children's services to MCFD. Over time, CLBC is committed to achieving a target of 90% for the first performance measure (*Percentage of individuals and families who feel their concerns were listened to*). However, since the other two measures can be influenced by external factors such as budget availability, CLBC's longer term target is 85% for both measures. Given the fiscal climate in the next few years, all three measures will have relatively conservative yearly targets.

Discussion Showing how Target will help Demonstrate Success - excerpts (*Columbia Basin Trust 2011/12*)

- By measuring budget variances, CBT will assess its ability to forecast appropriately and set realistic budgets, as well as manage its resources effectively over the course of a fiscal year.
- By annually assessing the maturity of its risk management practices, CBT ensures that the organization makes progress toward developing and implementing an enterprise-wide risk management framework.

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

Performance Management and Reporting Systems

Organizations should include information on the performance management and reporting systems they use to track results, in order to provide the reader with information and assurance on the sources and reliability of systems and processes to track operational and financial results.

Performance Management System Discussion (*Liquor Distribution Branch 2010/11*)

Sales data for government liquor stores is collected from computerized point-of-sale cash register systems and stored in head office databases. Sales made directly to customers by agents on behalf of the Liquor Distribution Branch (LDB) are transmitted to the LDB and stored in databases. LDB financial statements are audited by the Office of the Auditor General annually. The LDB contracts with professional survey agencies to ensure that survey results are statistically valid. In order to allow customers sufficient time to experience and assess LDB service improvement initiatives, surveys are conducted once every two years. The LDB's usage of electricity, fossil fuels and paper is collected from supplier invoices and input into the LDB's computerized General Ledger system. This data is then fed into government's SmartTool greenhouse gas measurement system.

Benchmarking

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

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

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

Example of Benchmark Discussion (*Columbia Power Corporation 2011/12 - excerpts*)

Safety

CPC will use the WorkSafeBC injury rate for the heavy construction industry as a benchmark. This is defined as the number of claims (those receiving short-term disability, long-term disability or survivor benefits in the year of injury or first quarter of the following year) per 100 person-years of employment.

Plant Availability

The benchmark is the average equivalent rate for medium-sized hydro plants in operation for less than forty-five years, as provided by the Navigant study. The benchmark is 89.9%.

Debt Service Coverage Ratio

The benchmark generally used by rating agencies to establish an investment grade bond rating is a debt service coverage ratio of 1.3 or greater.

See Appendix F for further discussion of benchmarks.

8. GOVERNMENT'S LETTER OF EXPECTATIONS (GLE)

This section should list, in table format:

- the government direction set out in the Specific Corporate Accountabilities section of the Crown corporation's 2012/13 GLE (the direction in the General Corporate Accountabilities section does not need to be included);
- the Crown corporation's planned actions to address the specific priority actions for 2012/13 listed in the Specific Corporate Accountabilities section; and
- action planned on climate change and carbon neutrality initiatives in 2012/13.

In this section, the organization should also reference any other specific policy direction received from government since or in addition to the 2012/13 GLE, and the actions being taken by the Crown corporation as a result.

Table Showing GLE Direction and Crown Corporation's Actions Planned (*from BC Pavilion Corporation 2011/12*)

Directive	Action Response
Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.	Business levels for Fiscal years 2011 and 2012 will be the busiest in the history of the Vancouver Convention Centre. The sales and marketing focus is now on securing new out-of-province business for Fiscal 2013 and beyond. Progress updates against the performance targets are provided to the Minister.
Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.	PavCo is working cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets. PavCo will work with British Columbia's regional conference centres to implement a program that will assist leverage on the Convention Centre's marketing activities, in order to drive business throughout the Province.
Complete the BC Place Roof Replacement project by Fall 2011 within or below the approved capital budget, and report out quarterly to the Shareholder on progress of achieving construction milestones (cost, scope and schedule) and details of project benefits.	PavCo has awarded a stipulated price agreement for the construction of the BC Place roof replacement. Construction is on target for completion in Fall 2011 within budget. PavCo is reporting to the Shareholder on construction progress and achievement of milestones on a quarterly basis.
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	PavCo is seeking revenue opportunities for BC Place based on timing for the completion of installation of a retractable roof in Fall 2011. PavCo will pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia. PavCo has secured a contract for development of the lands to the west of BC Place and is working to achieve the best return from the development of these, and surrounding lands.

9. SUMMARY FINANCIAL OUTLOOK

This section should include for each of: 2010/11 actual, 2011/12 forecast, and budgeted 2012/13 – 2014/15, in table form:

- revenues by core business area (program, product or service) and by major sources of revenues (funding source or type of revenue);

- expenses by core business area and by major type (salaries, rent, amortization, program expenses, etc.). **Operating expenses should be split out from other expenses;**
- net income;
- total debt (even if zero);
- retained earnings (even if zero); and
- capital expenditures.

The financial outlook section should include:

- key assumptions and financial risks considered in setting the projections;
- sensitivity analysis (for larger organizations); and
- financial outlook for the 2012/13 – 2014/15 planning period.

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

The following format is the recommended template for the Summary Financial Outlook in the 2012/13 – 2014/15 Service Plans

(\$m)	2010/11 actual	2011/12 (forecast)	2012/13 (budget)	2013/14 (budget)	2014/15 (budget)
Total Revenue:					
• by core business area					
• by source					
Total Expenses:					
• by core business area					
• by major type (including operational/administrative)					
Net income					
Total Debt (even if zero)					
Retained earnings (even if zero)					
Capital Expenditures					

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

Key Assumptions

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

Sensitivity Analysis

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

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

Future Financial Outlook

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

10. CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

Crown corporations should include information on their capital spending, including:

- total spending by year (to be included in the Financial Outlook section table);
- information on the types of capital spending planned (i.e. computer systems, infrastructure, machinery, etc.) or project; and
- status and cost of any planned projects over \$50 million*.

*Under the BTAA, Crown corporations that have made commitments or anticipate making commitments in excess of \$50 million towards the capital cost of a project during the planning period must disclose this information in their service plans.

Example of Capital Disclosure by Year and by Type - excerpts (from *Pacific Carbon Trust 2011/12*)

	2009/10 Actual (\$000s)	2010/11 Forecast (\$000s)	2011/12 Budget (\$000s)	2012/13 Budget (\$000s)	2013/14 Budget (\$000s)
Capital Expenditures	\$ 30	\$ 435	\$ 150	\$ 150	\$ 325

Capital Expenditures
Capital Expenditures represents the cost of implementing corporate information technology applications and infrastructure, tenant improvements and office furniture and equipment related to moving to a new location.

11. SUBSIDIARY AND OPERATING SEGMENTS INFORMATION

Subsidiary Disclosure Requirements

For each **active** subsidiary, the following information is required to be included in the parent corporation's service plan:

- subsidiary name;
- primary business;
- names of board members;
- names of senior management;
- 2010/11 actual, 2011/12 forecast and budgeted 2012/13 – 2014/15 revenues, expenses and net income; and
- any planned capital expenditures.

If the subsidiary has its own website, a link to that website should be included.

For **inactive** subsidiaries, the following information is required to be included in the parent corporation's service plan:

- name;
- primary business;
- list of board member names;
- current status; and
- reason for inactivity.

Operating Segment Disclosure Requirements

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

- 2010/11 actual, 2011/12 forecast and budgeted 2012/13 – 2014/15 revenues, expenses and net income; and
- any planned capital expenditures.

See BC Lottery Corporation 2011/12 service plan for good operating segment disclosure.

B. OTHER REQUIREMENTS

1. NON-DISCLOSURE OF SPECIFIC INFORMATION

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

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

Crown corporations should refer to FOIPPA for clarification on the types of information that fall under each category.

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

If adherence to FOIPPA requires the exclusion of any information listed in the minimum content requirements section, the corporation should document in the service plan what information has been excluded and why it was necessary to exclude it.

2. CROWN CORPORATION CONTACT INFORMATION

Information provided in this section should include the organization's physical address, the phone numbers and email addresses of key contacts, and the organization's website address.

3. FORM AND LANGUAGE

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

The service plan format should focus on electronic accessibility rather than hard copy layout. For example, large numbers of colour pictures add significantly to the size of a file, and can make it difficult for users to access it electronically. As well, colours should be chosen so that they are equally clear when they are viewed in black and white.

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

Crown corporations should include the most recent Province of BC logo on the inside or outside front or back cover of their service plans. To obtain the BC logo, please contact Government Communications and Public Engagement (250-356-9872) or your Crown Agencies Resource Office analyst for assistance. Please note that the logo was updated in spring 2011.

4. REVIEW, APPROVAL AND PUBLICATION PROCESS

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

Review Process

Crown Agencies Resource Office, ministry staff and Treasury Board Staff review drafts of service plans for consistency with these guidelines and the requirements of the BTAA, and provide Crown corporations with feedback on each draft submitted for review. CARO coordinates the review of the five largest commercial Crown corporations (see list in appendix A), and staff of the ministries responsible coordinate the review of smaller commercial and service delivery Crown corporation service plans.

Early discussions are encouraged between Crown corporations and ministries responsible particularly if significant changes are contemplated to the plan from previous years, including changes to goals, measures, or targets. Crown corporation staff should also review previous year's checklists to identify improvements that could be made to service plan content. Initial drafts of service plans need not be approved by the Board of Directors prior to being forwarded to ministry staff for review.

Submission and Review Process for Five Large Commercial Crown Corporations:

The service plan review process for the five largest commercial Crown corporations (see Appendix A for list) is as follows:

- Crown corporations send draft service plans to their CARO contact. CARO will review the draft and send a copy of the service plan to the ministry responsible and Treasury Board Staff (TBS) for their review;
- Ministry responsible and TBS staff send their comments on the draft plan to CARO, who consolidates all comments and sends them to the Crown corporation;
- Crown corporation incorporates feedback received and sends an updated draft to CARO. CARO distributes to ministry for ministry review, and send consolidated feedback to Crown corporation;
- Concurrently, Crown corporation obtains Board approval of revised draft;

- Crown corporation sends final board-approved forecast and budget information to their TBS contact;
- CARO and the ministry responsible conclude whether or not the service plan meets the requirements of the BTAA and the Service Plan Guidelines. (Ministry staff follow their ministry's protocol in forwarding this information to the Minister;)
- Crown corporation sends the final Board-approved draft of the service plan to the Minister Responsible for review and approval;
- Any changes required by the Minister are incorporated by the Crown corporation; and
- Crown corporation sends final Board-signed and Minister-approved service plan in PDF to Cabinet Operations so that Cabinet Operations can coordinate the Queens Printer distribution process. (See Transmittal and Distribution Process section on following pages for details.)

Submission and Review Process for Smaller Commercial Crown Corporations and Service Delivery Crown Corporations:

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

- Crown corporation sends draft service plan to their ministry contact for review;
- Ministry uploads draft service plan to Cabinet Operations Service Planning SharePoint site for Treasury Board Staff review;
- Ministry has the option of forwarding the service plan to their CARO advisor for an additional review. CARO, if asked to review the plan, will send comments back to the ministry;
- Ministry sends consolidated ministry, TBS (and CARO) comments back to Crown corporation;
- Crown corporation sends an updated draft to ministry for review and incorporates any comments received;
- Concurrently, Crown corporation obtains Board approval of revised draft;
- Crown corporation sends final board-approved budget and forecast information to ministry. Ministry uploads this information to the Cabinet Operations SharePoint site for TBS review;
- Crown corporation sends the final, Board-approved draft service plan to the Minister Responsible for review and approval;
- Ministry staff follow their ministry's protocol in forwarding their conclusions on the draft plan to the Minister;
- Any changes required by the Minister are incorporated by the Crown corporation;
- Crown corporation sends final Board-signed and Minister-approved service plan in PDF to ministry contact; and
- Ministry posts the PDF to the Cabinet Operations SharePoint site (QP folder) and confirms to Cabinet Operations that the plan has been approved by the Board and the Minister, and that financial information has been approved by Treasury Board Staff. Cabinet Operations coordinates the Queens Printer distribution process. (See Transmittal and Distribution Process section on following pages for details.)

Ministry staff review of draft service plans should include:

- A review of the service plan content against the checklist included in Appendix B of these Guidelines;

- A policy review to ensure policy alignment between the Crown corporation's service plan and the government Strategic Plan, the ministry responsible's mandate direction, and the 2012/13 Government Letter of Expectations;
- A review of the adequacy of the performance measures and targets in the service plan (Are they within the Crown corporation's control? Will they help to show whether goals have been met? Are they balanced between financial and non-financial? Do they measure critical aspects of the organization's mandate?, etc.);
- Assessment of whether the board governance information on the Crown corporation's website complies with Board Resourcing and Development Office's requirements; and
- Confirmation with Treasury Board Staff that the budget figures included in the service plan agree with those in the government's fiscal plan, and that any planned use of retained earnings or deficit spending listed in the service plan has been approved in advance by Treasury Board.

The final version of the service plan must be approved by both the Crown corporation's Board of Directors and the Minister responsible for the Crown corporation. Because the Minister Responsible has the requirement under the BTAA to table service plans, it is crucial to ensure that the Minister has reviewed and approved the content and presentation of the service plan before it is finalized. A Minister has the option to make a public statement of non-compliance with the BTAA rather than tabling a service plan on Budget Day if he or she is not comfortable with the contents. In such a case, the plan would be tabled at a later date, once the Minister and the Board Chair had reached agreement.

Transmittal and Distribution Process

Crown corporation service plans are distributed by the Queen's Printer, based on PDF copies of the plans that Cabinet Operations receives from Crown corporations/ministries responsible and forwards to Queen's Printer. This process ensures that there is security over the service plans prior to their Budget Day release. The PDF files of Crown corporation service plans posted to the Cabinet Operations Service Planning SharePoint site (QP folder) are accessed directly by Queen's Printer for distribution on Budget Day.

Several sets of Crown corporation service plans are distributed to officers of the Legislature by Queen's Printer on Budget Day. These are printed in black and white, which may slightly decrease the print quality of service plans if they are printed in multiple or pale colours.

If Crown corporations have any questions about the required PDF file specifications, they may contact CARO for the requirements.

Timelines

In order to meet the scheduled February 21, 2012 publication deadline for Crown corporation service plans in conjunction with the government's budget, the following timelines should be followed:

KEY DATES		
Date	Taxpayer-supported and smaller Commercial Crown Corporations (see Appendix A for list)	Five Largest Commercial Crown Corporations (see Appendix A for list)
December 19 – 23, 2011*	Crown corporation sends draft service plan to ministry responsible contact for review. Ministry responsible staff member uploads draft plan to Cabinet Operations SharePoint site for TBS review. (Ministry responsible has option to ask CARO to also review plan)	Crown corporation sends draft service plans to Crown Agencies Resource Office (CARO). CARO will send draft plan to ministry responsible and Treasury Board Staff (TBS) for their review
January 6, 2012	Ministry send consolidated comments from ministry staff, TBS and CARO (if requested) on draft service plan back to Crown corporation	CARO sends consolidated CARO/TBS/ministry comments on draft service plan to Crown corporations
January 11, 2012	Crown corporation sends second draft of service plans, incorporating changes from first draft, to ministry responsible for second review	Crown corporations send second draft of service plans, incorporating changes from first draft, to CARO for second review. CARO will send copy to ministry for their review
January 11 – 20, 2012	Crown corporation obtains Board approval of draft service plan	Crown corporations obtains Board approval of draft service plan
January 13, 2012	Final board-approved financial and forecast information sent by Crown corporation to ministry responsible. Ministry responsible uploads to Cabinet Operations SharePoint site for TBS final review. (Crown corporations must ensure that financial information submitted matches financial information in the government fiscal plan)	Final board-approved financial and forecast information submitted to TBS by Crown corporation. (Crown corporation must ensure that financial information submitted matches financial information in the government fiscal plan)
January 16, 2012	Ministry responsible sends ministry and TBS comments on second draft to Crown corporation	CARO sends consolidated comments on second draft to Crown corporation
January 20, 2012	Crown corporation sends draft Board-approved service plan, incorporating ministry responsible's	Crown corporation sends draft Board-approved service plan, incorporating CARO and ministry's comments, to

	comments, to Minister Responsible for review and input	Minister Responsible for review and input
Before January 31, 2012	Smaller commercial and taxpayer supported Crown corporations send their Board and Minister-approved service plans in PDF to their ministry contacts	
January 31, 2012	Ministry responsible uploads final smaller commercial and taxpayer-supported Board and Minister-approved service plans to Cabinet Operations SharePoint site. Cabinet Operations will coordinate with Queens Printer for printing	Five largest Commercial Crown corporations send their Board and Minister-approved service plans in PDF to Cabinet Operations. Cabinet Operations will coordinate with Queens Printer for printing
February 21, 2012	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day	Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day

***Note:** These are the latest dates for submission of first drafts. Ministries can ask for drafts to be submitted earlier if required for workflow purposes.

Website Posting

On Budget Day 2012, Crown corporations should ensure their service plans are not put on their websites until after 3:00 p.m. This timing will ensure that the Minister of Finance has already tabled the service plans and budget in the Legislature before they are publicly released. Hard copies of the plan may also be distributed to stakeholders by Crown corporations after this time; the decision to provide hard copies and how many is up to the Crown corporations.

All Crown corporation service plans will also be posted by the government on its *Budget 2012* website.

Subsequent Review Process

Crown corporations should be prepared to have their service plans reviewed by the Select Standing Committee on Crown Corporations. For more information on this committee, see <http://www.leg.bc.ca/cmt/39thparl/session-3/cc/index.htm>. If a Crown corporation is selected for review, it will be required, prior to the scheduled meeting, to supply the Committee with its most recent annual report and service plan, Government's Letter of Expectations, and any other information requested. Executive staff of the Crown corporation will be required to make a presentation at the meeting and to answer any questions posed by the Committee members. CARO can provide examples of previous presentations, and is available to support the process.

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

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

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

APPENDIX A
Crown Corporations Required to Produce a 2012/13 – 2014/15 Service Plan
Under the BTAA

Service Plan Reviewed by Crown Agencies Resource Office (CARO), TBS and Ministry
 (Crown corporations to send drafts and final PDFs to CARO contact) – five largest commercial Crown corporations

- BC Hydro and Power Authority
- BC Liquor Distribution Branch
- BC Lottery Corporation
- Insurance Corporation of British Columbia
- Transportation Investment Corporation

Service Plan Reviewed by Ministry Staff (Crown corporations to send drafts and final PDFs to ministry contacts).

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

APPENDIX B
Service Plan Checklist - Minimum Information Requirements

Information Included in Service Plan	Comments
<ul style="list-style-type: none"> • Concise and readable <ul style="list-style-type: none"> ○ not more than 30 pages in length ○ web-links or references for additional information ○ form and language accessible to general reader 	
<ul style="list-style-type: none"> • Government logo 	
<ul style="list-style-type: none"> • Signed Message from Board Chair to Minister Responsible (incorporating Accountability Statement) <ul style="list-style-type: none"> ○ overview of organization's significant activities for the next three years ○ planning focus for 2012/13 year ○ major changes since last service plan or expected in coming year ○ market and industry issues ○ significant risks, opportunities, successes and challenges expected in 2012/13, potential effects, and monitoring/mitigation strategies ○ signed accountability statement 	
<ul style="list-style-type: none"> • Table of Contents 	
Organizational Overview	
<ul style="list-style-type: none"> • Enabling legislation 	
<ul style="list-style-type: none"> • Legislated mandate 	
<ul style="list-style-type: none"> • Vision 	
<ul style="list-style-type: none"> • Values 	
<ul style="list-style-type: none"> • Overview of core business areas 	
<ul style="list-style-type: none"> • Benefit or service provided to the public 	
<ul style="list-style-type: none"> • Principal partners, clients and stakeholders 	
<ul style="list-style-type: none"> • How services are delivered 	
<ul style="list-style-type: none"> • Location of operations 	
Corporate Governance	
<ul style="list-style-type: none"> • The role and membership list of the Board of Directors 	
<ul style="list-style-type: none"> • The purpose and membership list of each Board Committee 	
<ul style="list-style-type: none"> • The names and job titles of senior management 	
<ul style="list-style-type: none"> • The organization's governance principles 	
<ul style="list-style-type: none"> • Key accountability relationships 	
<ul style="list-style-type: none"> • Disclosure of whether governance practices are in compliance with Board Resourcing and Development Office's Governance Guidelines • Hyperlink to location of Crown corporation's governance disclosure on Crown corporation's website 	

Strategic Context	
<ul style="list-style-type: none"> • Any expected shifts in internal operating environment • Expected economic and industry factors, trends, opportunities and challenges that could impact performance in 2012/13 	
Risks and Opportunities	
<ul style="list-style-type: none"> • Significant financial and operational risks and opportunities expected during the planning period • The potential impact they might have on planned results • How the organization plans to monitor, address or mitigate impacts 	
Organizational Capacity	
<ul style="list-style-type: none"> • Current organizational capacity to meet planned results • Plans to increase or retain capacity • Any adjustments to goals or targets that might be required to manage capacity issues 	
Goals, Objectives, Key Strategies, Measures and Targets	
<ul style="list-style-type: none"> • Goals 	
<ul style="list-style-type: none"> • Strategies 	
<ul style="list-style-type: none"> • Performance measures for each of the three years 	
<ul style="list-style-type: none"> • Targets for each year of 2012/13 – 2014/15, plus 2010/11 target results and 2011/12 target forecast to provide context (if measures/targets have not changed) • Why the specific target numbers included in the plan were selected • How these targets will help demonstrate success in achieving goals 	
<ul style="list-style-type: none"> • Why these goals, strategies and measures are critical to organization and how they relate to the mandate 	
<ul style="list-style-type: none"> • Any significant changes to goals, objectives or measures since the previous service plan and why they were made 	
<ul style="list-style-type: none"> • Performance Management Systems <ul style="list-style-type: none"> ○ sources of data for each target or group of related targets ○ what management does to ensure data is accurate and reliable ○ any limitations of the accuracy and reliability of data 	

<ul style="list-style-type: none"> • Benchmarks with other organizations: <ul style="list-style-type: none"> ○ companies or information will be benchmarking against ○ performance measures that will be compared to outside benchmarks ○ if no benchmarks yet identified, a discussion of progress in identifying suitable benchmarks is required 	
<p>Government’s Letter of Expectations (GLE)</p> <ul style="list-style-type: none"> • Specific government direction from the Specific Corporate Accountabilities section of the 2012/13 GLE • How the organization plans to address this GLE direction during 2012/13 • Action planned on climate change and carbon neutrality initiatives in 2012/13 	
Summary Financial Outlook for the Service Plan Period	
<p>Actual financial information should be provided for 2010/11, forecast for 2011/12 and budgeted for 2012/13 – 2014/15</p> <ul style="list-style-type: none"> • Total revenue by core business area and major sources of revenue/funding • Total expenses by core business area and major type • Operating expenses • Net income or loss • Debt total – even if zero • Retained earnings total – even if zero 	
<ul style="list-style-type: none"> • Key assumptions for the three year planning period • Sensitivity analysis (for larger corporations) • Future financial outlook for the three year planning period 	
<ul style="list-style-type: none"> • Confirmation that budget information agrees to funding approved by government and that forecast information is consistent with government’s fiscal plan (Ministry staff to confirm) 	
Capital Plan and Major Capital Projects	
<ul style="list-style-type: none"> • Total capital spending by year • Planned capital spending by major type • Status and cost of any major capital projects over \$50 million 	
Information on Subsidiaries and Operating Segments	
<u>Subsidiaries</u>	
<ul style="list-style-type: none"> • For each active subsidiary: <ul style="list-style-type: none"> ○ subsidiary name ○ primary business ○ list of board members ○ senior management names ○ 2010/11 actual, 2011/12 forecast and budgeted 2012/13 – 2014/15 revenues, expenses and net income ○ any planned capital expenditures ○ link to subsidiary’s website • For each inactive subsidiary: 	

<ul style="list-style-type: none"> ○ name ○ primary business ○ list of board members ○ current status ○ reason for inactivity 	
<u>Operating Segments</u> <ul style="list-style-type: none"> • 2010/11 actual, 2011/12 forecast and budgeted 2012/13 – 2014/15 revenues, expenses and net income • Any planned capital expenditures 	
Other Requirements <ul style="list-style-type: none"> • An explanation for any confidential information excluded from the service plan 	
<ul style="list-style-type: none"> • Contact information 	

APPENDIX C
2010/11 – 2012/13 Service Plan Good Examples Checklist

This checklist lists, by section, Crown corporations that did a particularly good job on a specific section of the 2010/11 – 2012/13 service plans. Service plans can be found on each Crown corporation's website, or contact Crown Agencies Resource Office to obtain a copy of a specific service plan.

Information Included in Service Plan	Y/N Comments
<ul style="list-style-type: none"> • Concise and readable <ul style="list-style-type: none"> ○ Not more than 30 pages in length ○ Web-links or references for additional information ○ Form and language accessible to general reader 	Most
	ICBC, BC Pavilion Corp, Forestry Innovation
	Partnerships BC, Columbia Basin Trust,
<ul style="list-style-type: none"> • Signed Message from Board Chair to Minister responsible (incorporating Accountability Statement) <ul style="list-style-type: none"> ○ Overview of organization's significant activities ○ Planning focus for upcoming year ○ Major changes since last service plan or expected in coming year ○ Market and industry issues ○ Significant risks and opportunities, successes and challenges looking forward ○ Future outlook ○ Accountability statement 	BC Pavilion Corp, BC Hydro, Columbia Basin Trust, Industry Training Authority, Pacific Carbon Trust, BC Transmission Corp, First Peoples, RBC Museum
	Most
	Forestry Innovation
	Most
	BC Securities, Legal Services, BC Games
	RBC Museum, Community Living BC, Legal Services Society
	BC Lotteries
	Majority
Organizational Overview	ICBC, Forestry Innovation, Columbia Basin Trust, Pacific Carbon Trust (sidebar), Columbia Power Corp, Legal Services Society
• Enabling legislation	All
• Legislated mandate	All
• Vision	All
• Values	All
• Overview of core business areas	BC Securities, RBC Museum, BC Assessment, BC Housing
• Benefit or service provided to the public and how delivered	Knowledge Network, Liquor Distribution Branch, BC Hydro, BC Lotteries, BC Housing, Partnerships BC

<ul style="list-style-type: none"> Any significant shifts in business areas or program delivery and why occurring 	As required
<ul style="list-style-type: none"> Principal partners, clients and stakeholders 	BC Hydro, BC Lotteries, Pacific Carbon Trust, BC Securities, BC Transmission Corp, BC Games, BC Housing
<ul style="list-style-type: none"> Location of operations 	All
Corporate Governance	ICBC - chart, BC Pavilion Corp, Community Living BC, Provincial Capital Commission
<ul style="list-style-type: none"> The role and membership of the Board of Directors 	BC Hydro, BC Lotteries (chart), First Peoples,
<ul style="list-style-type: none"> The purpose and membership of each Board Committee 	BC Hydro, BC Lotteries (chart),
<ul style="list-style-type: none"> The names and job titles of senior management 	BC Lotteries (chart)
<ul style="list-style-type: none"> The organization's governance principles 	Knowledge Network, Forestry Innovation, Columbia Basin Trust, Industry Training Authority, RBC Museum, BC Assessment
<ul style="list-style-type: none"> Disclosure of whether governance practices are in compliance with Board Resourcing and Development Office's Governance Guidelines, including a hyperlink to governance disclosure on website 	BC Lotteries, Private Career Training, BC Transmission Corp, Provincial Capital Commission
Strategic Context	Industry Training Authority
<ul style="list-style-type: none"> Any shifts in internal operating environment Economic and industry factors, trends, opportunities and challenges Significant financial and operational risks and opportunities <ul style="list-style-type: none"> Their likelihood and potential magnitude The potential impact they might have on planned results how the organization plans to monitor, address or mitigate them 	Liquor Distribution Branch, Columbia Basin Trust ICBC, Pacific Carbon Trust, BC Assessment, BC Housing, Partnerships BC, BC Transit Pacific Carbon Trust (risks and opportunities), BC Transmission Corp, BC Assessment (risks and opportunities), Legal Services Society, BC Housing BC Immigrant Investment Fund, Private Career Training, BC Transmission Corp, Columbia Power Corp (layout), Legal Services Society, Oil & Gas Commission, BC Housing, RBC Museum BC Pavilion Corp - timelines, Knowledge Network, Forestry Innovation, Private Career Training, BC Securities (tied to goals and strategies), BC Transmission Corp, RBC Museum (very specific), BC Assessment, Legal Services Society, Oil & Gas Commission, BC Housing, Columbia Power Corporation
<ul style="list-style-type: none"> Current capacity to meet planned results <ul style="list-style-type: none"> plans to increase or retain capacity 	BC Hydro, BC Securities, BC Assessment, BC Housing

<ul style="list-style-type: none"> ○ any adjustments required to deal with capacity issues 	BC Pavilion Corp, BC Assessment, Legal Services Society
Goals, Objectives, Key Strategies, Measures and Targets	
<ul style="list-style-type: none"> • Why these goals, strategies and measures are critical to organization and how they relate to the mandate 	Knowledge Network, Industry Training Authority, Pacific Carbon Trust, BC Securities, Columbia Basin Trust, Columbia Power Corp (chart), BC Games, BC Housing, Partnerships BC (what success means), BC Transmission Corp (chart), Liquor Distribution Branch
<ul style="list-style-type: none"> • Goals 	All
<ul style="list-style-type: none"> • Strategies 	All
<ul style="list-style-type: none"> • Performance measures for each of the three years 	Majority
<ul style="list-style-type: none"> • Targets for each of three years, including a discussion of why the specific targets included in the plan were selected and how they will demonstrate success in achieving goals 	ICBC, Pacific Carbon Trust, BC Hydro, BC Transmission Corp, Community Living BC, BC Housing
<ul style="list-style-type: none"> • Any significant changes to goals, objectives or measures from previous year and why they were made 	BC Pavilion Corp, Columbia Basin Trust, BC Lotteries, Pacific Carbon Trust, BC Transmission Corp, Legal Services Society, BC Housing, Partnerships BC
<ul style="list-style-type: none"> • Performance Management Systems <ul style="list-style-type: none"> ○ sources of data 	Knowledge Network, Liquor Distribution Branch, BC Transmission Corp, Community Living BC
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ○ what management does to ensure data is accurate and reliable 	Knowledge Network, Liquor Distribution Branch, Private Career Training, BC Transmission Corp, RBC Museum, Community Living BC, BC Assessment

<ul style="list-style-type: none"> Benchmarks with other organizations – if none included, a discussion of progress in identifying suitable benchmarks is required 	Liquor Distribution Branch, BC Hydro, Columbia Basin Trust, BC Transmission Corp, Columbia Power Corp, Oil & Gas Commission,
Government Letter of Expectations <ul style="list-style-type: none"> Government direction from the latest GLE How the organization plans to address GLE direction during the planning period Action planned on climate change and carbon neutrality initiatives 	All BC Pavilion Corp, Knowledge Network, BC Lotteries, BC Transmission Corp, BC Assessment ICBC, Knowledge Network
Summary Financial Outlook for the Service Plan Period Note: actual financial information should be provided for 2008/09, forecast for 2009/10, and budget for 2010/11 - 2012/13	Whole section: Columbia Basin Trust, Liquor Distribution Branch (layout), BC Immigrant Investment Fund, First Peoples, RBC Museum (layout), Columbia Power Corp (detail),
<ul style="list-style-type: none"> Total revenue by core business area Total expenses by core business area Major sources of funding or revenue Major types of expenditures Net income or loss 	Community Living BC (revenue Knowledge Network (expenditure disclosure), disclosure),
<ul style="list-style-type: none"> Debt 	Most
<ul style="list-style-type: none"> Retained earnings 	Most
<ul style="list-style-type: none"> Key assumptions Sensitivity analysis Future financial outlook 	BC Hydro, Columbia Basin Trust, Private Career Training BC Hydro, Columbia Basin Trust, Knowledge Network, Columbia Basin Trust, Private Career Training, Pacific Carbon Trust, BC Securities
<ul style="list-style-type: none"> Confirmation that budget information agrees to funding approved by ministry and that forecast information is fully consistent with government's fiscal plan (Ministry staff to confirm) 	Most
Capital Plan and Major Capital Projects <ul style="list-style-type: none"> Status and cost of any major capital projects over \$50 million Total capital spending by year Significant projects planned (less than \$50 million) Main types of planned capital spending 	BC Hydro, BC Pavilion Corporation Most BC Transmission Corp, BC Lotteries, Provincial Capital Commission Provincial Capital Commission,
Information on Subsidiaries and Operating Segments	
Subsidiaries <ul style="list-style-type: none"> Subsidiary name 	BC Immigrant Investment Fund (active disclosure), Knowledge Network (inactive)

<ul style="list-style-type: none"> ○ Primary business ○ High level goals ○ Governance structure, including Board members ○ Senior management team ○ 2008/09 actual, 2009/10 forecast and budgeted 2010/11 - 2012/13 revenues, expenses and net income ○ Any capital expenditures ○ For inactive subsidiaries, name, business, current status and reason for inactivity 	disclosure)
<p>Operating Segments</p> <ul style="list-style-type: none"> ○ 2008/09 actual, 2009/10 forecast and budgeted 2010/11 - 2012/13 revenues, expenses and net income ● any capital expenditures 	BC Pavilion Corp, Liquor Distribution Branch, BC Lotteries

APPENDIX D

Performance Measures

Performance measures should be:

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

Potential types of measures to consider would include those measuring:

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

Key Performance Measure Questions:

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

Examples of performance measures from past Service Plans:

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

APPENDIX E

Targets

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

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

Setting Targets

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

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

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

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

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

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

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

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

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

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

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

Examples of targets:

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

APPENDIX F –Benchmarking

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

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

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

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

The Benchmarking Process

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

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

Tips for Effective Benchmarking

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

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

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

In the case of Private Placements, CBT is limited to investing in a relatively small geographic region. With the exception of a few larger credit unions, there are no reasonable market comparables from which CBT can base a performance objective.

Despite these challenges, CBT arrived at performance objectives for both Power Projects and Private Placements by evaluating historical performance and balancing those returns against those forecasts over the next five years.

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

Sources of Benchmarking Information

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

APPENDIX G

Risk and Capacity

Risk

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

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

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

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

Steps to Identify and Manage Risks

1. Identify potential risks through environmental scans; past experience; industry forecasts; staff consultation (interviews, questionnaires, brainstorming); facilitated workshops; strengths, weaknesses, opportunities and threats (SWOT) analysis; comparisons with other organizations; safety or environmental audits
2. Assess likelihood and magnitude/consequences of each identified risk
3. Determine organization's risk tolerance – its willingness to take risks and its capacity for risk (strength of finances, reputation, etc.)
4. Prioritise risks based on potential effect/significance. Consider which risks are significant enough to require action to reduce/mitigate potential exposure. Determine which risks are acceptable; the likelihood of occurrence; what can be done to reduce incidence and magnitude; and costs of control versus exposure. Consider whether the cost of mitigating is too high relative to the likelihood and magnitude of the risk occurring. Determine which opportunities are likely enough or significant enough to warrant developing strategies to exploit them.

5. Develop strategies to detect/manage/mitigate risks ruled significant or likely enough to influence results. These may include:
 - a. Internal control system
 - b. Preventative and detective fraud controls
 - c. Management review processes
 - d. Risk register
6. Identify which staff members will be accountable for monitoring and reporting risks and opportunities, and tracking their effect on performance.
7. Monitor risk and opportunity occurrence, track effect on operations, and adjust procedures/plans as necessary.

Types of risk:

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

Service Plan Disclosure

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

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

Annual Report Disclosure

Disclosure of which risks materialized, what effect they had on performance, and what actions were or will be taken to minimize, or in the case of opportunities, take advantage of, the risk or opportunity.

Capacity

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

The first consideration, when assessing whether an organization has sufficient capacity to achieve its goals, is: are the resources and assets sufficient to handle planned activities? If not, the organization should determine what aspects of current or future capacity will affect or limit its intended results.

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

Service Plan Disclosure

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

Risk and Capacity Analysis Examples from Previous Service Plans:

- BC Transmission Corporation 2010/11- 2012/13 Service Plan - see pages 16 and 32 - 33
- Legal Services Society 2010/11 – 2012/13 Service Plan – see pages 7 - 9
- BC Housing Management Commission 2010/11 - 2012/13 Service Plan - see pages 13 - 17

Where to Get More Information:

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

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