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Message from the Minister and Accountability Statement

The Ministry of Transportation is strengthening B.C.'s network of roads, railways, ports and airports in every region. Our modernized transportation network will keep travellers safe, reduce congestion and pollution, and let our industries and shippers meet the needs of their customers, which will create jobs and stimulate trade. We are protecting and expanding access to vital services such as health care, schools, special needs and recreation. Each improvement brings us closer to achieving the government's Five Great Goals and the prosperity of a Golden Decade.

To construct the infrastructure this province urgently needs, we are investing $2.3 billion over three years. The award-winning Sea-to-Sky Highway Improvement Project is ahead of schedule. The second phase of the Kicking Horse Canyon Project is revitalizing this crucial connection to the rest of Canada. The new William R. Bennett Bridge will bring more tourists and trade into the Okanagan. Communities across B.C. are expanding and enhancing their ports and airports, thanks in part to our Transportation Partnerships Program.

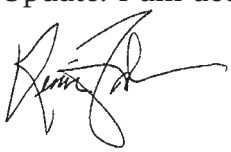
We have also unveiled a $3 billion Gateway Strategy to open up key economic gateways through the Lower Mainland. Traffic will flow smoothly and safely again, bringing economic growth across B.C. and Canada.

Commercial Vehicle Safety and Enforcement is now a ministry responsibility. We will make sure drivers can continue to have full confidence in the safety of both our highways and commercial vehicles.

Everyone in the province is likely to see firsthand improvements to transportation safety, traffic flow and economic development. Projects like the Heartlands Oil and Gas Road Rehabilitation Strategy, the new avalanche control system in Kootenay Pass and the upgrade of our provincial weigh scales are keeping our transportation network efficient and safe. We are also massively investing in rebuilding roads to let communities affected by the mountain pine beetle gather the greatest possible economic benefit from this devastating outbreak.

A province's transportation network is the backbone of its economy and communities. You can be sure that we are making the investments we need today so all of us can make the most of B.C.'s future.

The 2005/06 Ministry of Transportation Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2005/06 – 2007/08 Service Plan Update. I am accountable for those results as reported.



Honourable Kevin Falcon
Minister of Transportation

June 30, 2006

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Kicking Horse Canyon New Yoho (5-Mile) Bridge

Highlights of the Year

Our investments in British Columbia's transportation infrastructure will strengthen our economy, improve safety, and enhance the flow of goods and people throughout the province and across our borders.

In 2005/06, the provincial government directly invested $731 million in B.C. transportation improvement projects and undertook other initiatives to strengthen our transportation industries. The ministry co-operated with its federal, provincial, regional, municipal, First Nations and private sector partners to protect and expand the transportation network. Some important highlights of 2005/06 are listed below.

Kicking Horse Canyon

From Golden to Yoho National Park, this multi-phase project will upgrade 25 kilometres of the Trans-Canada Highway to a modern four-lane standard. The project will make this important national gateway safer and will allow traffic to flow more smoothly. Achievements in 2005/06 include:

- Signing a private partnership agreement for construction of the Park (10-Mile) Bridge; and
- Nearing completion on the Yoho (5-Mile) Bridge.

Sea-to-Sky Highway Improvement Project

The project improves the safety, reliability and capacity of the scenic highway between Horseshoe Bay and Whistler. It also supports the provincial commitment for the 2010 Olympic and Paralympic Winter Games. Achievements in 2005/06 include:

- Signing a partnership agreement with the S2S Transportation Group;
- Substantially completing the Ansell Place to Kelvin Grove section, ahead of schedule;
- Extensive and proactive consultation with the public, business groups, First Nations, municipal officials and regulatory agencies; and
- Several awards including the Institute of Transportation Engineers award for technical achievement, the Canadian Council for Public-Private Partnerships award for innovation and excellence in public-private partnerships and financing, the Canadian Consulting Engineering award for excellence, and the Consulting Engineers of B.C. award for merit.

STS Hwy — Building Retaining Wall

William R. Bennett Bridge and Approaches

The Okanagan Lake crossing area has the highest traffic congestion in the Interior of B.C. This project replaces the existing 3-lane bridge with a new 5-lane floating bridge and fixed high level span which will provide an 18 metre-high navigation channel. The Westbank First Nation will deliver upgrades to a full movement interchange at Campbell Road. Milestones for 2005/06 include:

- Signing a partnership agreement with SNC Lavalin for the bridge;
- Substantially completing the dry-dock; and
- Commencing preliminary design for the Campbell Road Interchange.

Gateway Program

The program focuses on reducing congestion and facilitating public transit throughout Greater Vancouver. The planned improvements along and across the Fraser River represent an estimated investment of $3 billion and are targeted for completion by 2013. In 2005/06, the program met these important milestones:

- Released the Program Definition Report;
- Posted the Pitt River Bridge and Mary Hill Interchange Request for Qualifications;
- Completed public consultation on the South Fraser Perimeter Road section between 80th Street and the Alex Fraser Bridge; and
- Commenced pre-design consultation on the Port Mann/Highway 1 Project.

Asia-Pacific Gateway

Asia-Pacific to North America container traffic is expected to expand by 300 per cent over the next 15 years. B.C. intends to capture a significant share of this market growth through its Pacific Gateway Strategy, which calls for new and expanded transportation links to the Pacific through the Port of Prince Rupert and the Port of Vancouver.

A one per cent increase in container traffic through B.C. ports would create roughly 4,000 new jobs and provide $250 million per year in economic benefits for B.C. By 2020, the port industry alone could grow to support 50,000 jobs, pumping $1.7 billion into the provincial economy.

In 2005, Minister Kevin Falcon joined a transportation trade mission to the People's Republic of China, B.C.'s third largest trading partner. The trade mission promoted B.C.'s competitive advantages and cultural links, and helped identify new ways to capitalize on China's massive economic growth.

Kootenay Pass Avalanche Program Improvements

The program vastly improves avalanche control on one of the most avalanche-prone highways in North America. Kootenay Pass is a vital transportation corridor in south-east B.C. The new system in this pass features Gaz-Ex cannons, a remotely-operated avalanche control system. The improvements were completed this year when the last Gaz-Ex cannon was installed. Benefits include:

- Enhanced safety for the public, maintenance contractor and ministry crews; and
- Reductions in road closure times, which translate into about a $2 million per year cost savings for local and provincial economies.

Purpose and Vision, Mission and Values

Purpose

The Ministry of Transportation plans transportation networks, provides transportation services, develops and implements transportation policies, and administers many transportation-related acts and regulations.

To accomplish its mandate, the ministry:

- Develops provincial transportation plans to integrate various modes of transportation, in consultation with Regional Transportation Advisory Committees and in cooperation with the transportation-related Crown corporations;
- Ensures British Columbia's ports and airports are gateways for economic growth and development;
- Builds highways to fulfill the economic and social needs of British Columbians;
- Maintains existing highways to a high standard through contracts with private sector road maintenance providers;
- Undertakes vehicle safety inspections and sets commercial vehicle operating standards;
- Works with partners and other levels of government to provide cost-effective public transit and coastal ferry services;
- Manages contracts for inland ferry operations; and
- Licenses and regulates commercial passenger transportation.

Legislation governing the ministry's activities can be found on the ministry website at: http://www.th.gov.bc.ca/key_initiatives/legislation/statutes.htm.

Vision, Mission and Values

Vision

The ministry's vision is a fully integrated transportation system that advances economic and social growth, and moves goods and people within British Columbia and to markets beyond.

Mission

The ministry's mission is to:

- Create an integrated and safe transportation network that incorporates all modes of transport, reflects regional priorities, and provides a strong foundation for economic growth; and
- Maintain and improve the provincial highway system, ensuring the safe and efficient movement of people and goods provincially, nationally and internationally.

Values

- We respect regional and community goals and priorities.
- We are responsive to the needs of British Columbia business.
- We strive for excellence and innovation.
- We respect the people we serve and work with.

Ministry Values at Work

The ministry's values play an important role in guiding its everyday work.

The Ministry of Transportation established Regional Transportation Advisory Committees as a way to ensure that regional interests and views on transportation needs and priorities could be heard. The ministry responded to the needs of business by cutting regulatory requirements. Excellence and innovation are actively rewarded under the contracts for maintaining British Columbia's roads and bridges. To ensure the ministry treats its employees and customers with respect, their opinions and ideas for improvement are regularly solicited. The ministry is committed to building relationships with First Nations regarding activities and decisions that might impact aboriginal interests and to resolving outstanding issues of mutual concern.

Whenever ministry employees develop new policies, design new projects or review past accomplishments, these values are the benchmark for success.

Prince Rupert Port Facilities — Loading Grain and Coal for Export

Strategic Context

Five Great Goals

The Government of British Columbia has established Five Great Goals.

1. Make British Columbia the best-educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.
3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

The Ministry of Transportation supports these Five Great Goals in various ways. Especially relevant to the ministry is the goal to create more jobs per capita than anywhere else in Canada. Job creation depends on the success of the economy, and an efficient and effective transportation system is essential to economic growth. All of the ministry's activities support the improved performance of this system, which in turn facilitates the creation of jobs.

Factors Affecting Service Delivery

The provincial transportation system is our link with the global economy and many factors affect the business of the ministry. Factors that affected ministry service delivery in 2005/06 include the following.

- Increased population and economic activity led to a growth in transportation demand.
- Higher fuel and oil prices increased the cost of oil-based products such as asphalt, resulting in increased costs for new infrastructure and maintenance of existing infrastructure.
- Higher costs of construction material such as steel and concrete increased transportation improvement costs, particularly with respect to bridges.
- The rapid spread of the Mountain Pine Beetle accelerated timber harvesting activities, resulting in increased wear and tear on the highway system. Concerns over the state of infrastructure and service to industry led the provincial government to dedicate funding to rehabilitate deteriorating roads in the Interior.
- The ministry welcomed the addition of the Commercial Vehicle Safety and Enforcement functions. The new responsibilities provided additional tools to support economic growth and improve public safety.

Service Delivery and Core Business Areas

Service Delivery

As a knowledgeable owner, the ministry partners with private companies to accomplish its objectives. This approach ensures that we can obtain current expertise at a competitive price.

The ministry and its partners deliver services to meet the needs of:

- the travelling public;
- emergency responders, such as ambulance services and the police;
- businesses and business travellers;
- the tourism industry;
- trucking organizations;
- passenger transportation industries;
- resource industries; and
- applicants for subdivision approvals and access to highways.

Core Business Areas and Crown Corporations

Ministry responsibilities fall into five core business areas.

1. Transportation Improvements

Managing and improving the province's transportation network requires careful planning, monitoring and direction, looking decades into the future. The ministry ensures that the most pressing transportation needs in British Columbia are addressed first, so that the public's investment in transportation can bring as many benefits as possible. The Minister receives the advice of eight independent Regional Transportation Advisory Committees across the province to help identify and prioritize transportation projects.

The ministry's work in this core business area includes:

- Transportation Policy and Legislation;
- Planning, Engineering and Construction;
- Partnerships; and
- Port and Airport Development.

2. Public Transportation

The provincial government provides financial support to public transit and contracted coastal ferry services across the province. These services are vital to the economic and social

health of many communities. BC Transit is supported by annual transfers of capital and/or operating funding. This funding also supports transportation services for the disabled.

Public transit in Greater Vancouver is funded through dedicated tax revenues provided to TransLink (Greater Vancouver Transportation Authority), which is responsible for public transit in the region. Provincial funding is also committed to three new rapid transit lines in Greater Vancouver: the Canada Line connecting Richmond, the Airport and downtown Vancouver; the proposed northeast rapid transit extension (Evergreen Line); and the SkyTrain Millennium Line.

The Province pays performance-based service fees to British Columbia Ferry Services Inc. for the delivery of coastal ferry services. Many coastal communities rely on these connections to the rest of the province.

3. Highway Operations

Highway Operations keeps British Columbia's highway network safe, reliable and in good repair in some of Canada's most challenging terrain.

Highway Operations is the ministry's front line. Regional and district staff provide customer service by working directly with the public, local governments, First Nations and private partners.

The ministry's work in this core business area includes:

- Maintenance, Asset Preservation and Traffic Operations;
- Commercial Vehicle Safety and Enforcement;
- Inland Ferries; and
- Coquihalla Toll Administration.

Winter Highway Maintenance

The ministry's highway operations are divided into three regions: South Coast, Southern Interior and Northern. Each region is subdivided into districts and maintenance areas for more efficient administration. Highway maintenance is carried out by maintenance contractors in 28 areas across the province. Ministry employees manage and work closely with the maintenance contractors to ensure they meet ministry standards. Timely rehabilitation prevents more costly repairs. Highway Operations determines where investment would do the most good, resurfaces roads and bridges, replaces bridges at the end of their service lives, and performs other work to extend the life of the transportation network.

The ministry establishes and maintains effective and safe vehicle operating and equipment standards, and monitors application of these standards through the following programs: Vehicle Inspections, Dangerous Goods, *National Safety Code*, Commercial Transport and Commercial Vehicle Safety Alliance.

Freshwater ferries are a crucial part of daily life for many communities. The ministry provides access to inland ferries through private partners on 14 freshwater routes.

4. Commercial Passenger Transportation

The ministry, through the Passenger Transportation Branch, and the Passenger Transportation Board (an independent tribunal) share the regulation of commercial passenger transportation. The governing legislation, the *Passenger Transportation Act*, is designed to facilitate adequate public access to commercial passenger transportation (excluding public transit), public safety and a healthy economy.

5. Executive and Support Services

This business area supports all ministry programs through such core functions as corporate strategic planning; human resources; information systems; security; information and privacy management; and financial and administrative services.

Crown Corporations

The Minister of Transportation is responsible for the following four Crown corporations. The BC Transportation Financing Authority is addressed in this report. The other Crown corporations publish their own annual reports.

BC Transportation Financing Authority

The BC Transportation Financing Authority (BCTFA) is a provincial Crown corporation continued under the *Transportation Act*. It owns provincial highways and provides for their rehabilitation and expansion through dedicated fuel taxes and other revenues. The BCTFA can also acquire, hold, construct, or improve other transportation infrastructure throughout British Columbia.

BC Transit (http://www.bctransit.com)

Rapid Transit Project 2000 (http://www.rapidtransit.bc.ca)

British Columbia Railway Company (http://www.bcrproperties.com/bcrco/index.html)

Report on Performance

In order to further the provincial government's Five Great Goals, the ministry has the following goals.

1. Key transportation infrastructure is improved to drive economic growth and trade.
2. British Columbia is provided with a safe and reliable highway system.
3. British Columbia's transportation industries become more competitive.
4. Excellent customer service is achieved and the ministry is recognized as a good employer.

Summary of Results

The ministry has developed objectives and strategies to meet its high-level goals. To make sure that these strategies are effective, the ministry sets measurable performance targets for each fiscal year. This report outlines how well the ministry has met these targets.

Performance measures provide a concrete way for the public to judge the effectiveness and quality of the ministry's services. They allow the ministry to learn from its successes and find areas where new approaches are needed. The ministry is committed to providing reliable and useful information that gives an accurate picture of the ministry's performance.

The performance measures in the following table are grouped by the goals and objectives they serve.

Congestion on Highway 15 — Addressed by Border Infrastructure Project

Performance Plan Summary Table

Five Great Goals

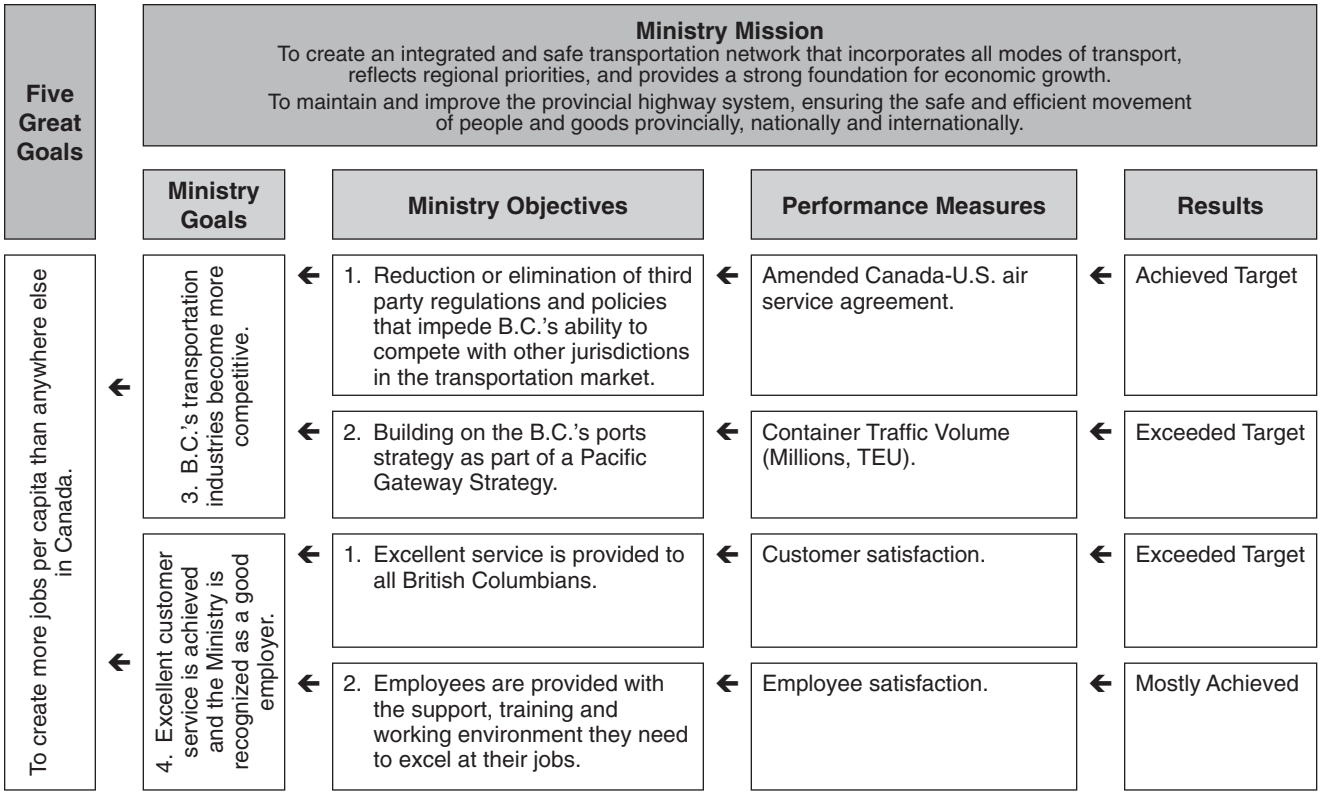
To create more jobs per capita than anywhere else in Canada.

Ministry Mission

To create an integrated and safe transportation network that incorporates all modes of transport, reflects regional priorities, and provides a strong foundation for economic growth.

To maintain and improve the provincial highway system, ensuring the safe and efficient movement of people and goods provincially, nationally and internationally.

Ministry Goals	Ministry Objectives	Performance Measures	Results
1. Key transportation infrastructure is improved to drive economic growth and trade.	1. Regional and local input is used when setting transportation priorities.	Regional Transportation Advisory Committee Satisfaction.	Not available
	2. Available provincial investment dollars are used as effectively as possible.	Private investment capital leveraged.	Exceeded Target
		Federal funding investment leveraged.	Mostly Achieved
		Capital project performance:	
		— completed on budget.	Achieved Target
		— completed on schedule.	Exceeded Target
	3. The worsening congestion trend in urban areas is mitigated.	Level of traffic congestion for urban highways.	Mostly Achieved
	4. Improved mobility for highways servicing major economic gateways.	Average commercial trucking travel speed between economic gateways.	Mostly Achieved
2. B.C. is provided with a safe and reliable highway system.	1. Contractors maintain the provincial highway system to a high standard.	Maintenance cost per lane kilometre.	Exceeded Target
		Contractor Assessment Program.	Exceeded Target
	2. The main highway system is maintained and rehabilitated on a lowest life-cycle cost basis.	Pavement condition for main highways.	Mostly Achieved
		Bridge condition.	Exceeded Target
		Number of lane kilometres resurfaced.	Exceeded Target
	3. Improved road access for resource industries and rural residents.	Surface condition of Heartlands roads.	Exceeded Target
		Number of lane kilometres treated.	Exceeded Target
	4. Improved highway safety and reliability.	Crash reduction after construction on safety improvement capital projects.	Exceeded Target
		Annual total duration of unplanned highway closures.	Mostly Achieved
	5. Effective road safety enforcement, education and programs for the commercial transport industry.	Variation from national average Out-Of-Service rate for commercial vehicles.	Achieved Target
	6. An effective risk management process is established across the ministry.	Risk management plan	Achieved Target



Goals, Objectives, Key Strategies and Performance Measures

Goal 1

Key transportation infrastructure is improved to drive economic growth and trade.

Core Business Area

Transportation Improvements.

Objective 1

Regional and local input is used when setting transportation priorities.

Key Strategies

1. Create an environment in which Regional Transportation Advisory Committees (RTACs) provide the ministry with informed and independent advice.
2. Ensure RTAC advice to the Minister is included in ministry planning, program and policy initiatives and RTACs are provided with timely responses to their recommendations.

Performance Measure: Regional Transportation Advisory Committee Satisfaction

The RTACs provide annual reports to the Minister documenting their activities and recommendations. These reports identify regional needs and transportation priorities, in order to give regions a greater say in transportation planning.

Given budget constraints and policy issues, the ministry may not be able to implement all of the RTAC recommendations, particularly in the short term. Where recommendations are not feasible, the ministry provides the RTACs with explanations.

The survey of RTAC members' satisfaction with ministry consideration of their recommendations was not carried out in 2005/06 due to timing issues. The ministry is considering whether to conduct the survey in 2006/07.

Objective 2

Available provincial investment dollars are used as effectively as possible.

Key Strategy A

Develop partnerships with the private sector and municipalities in consultation with Partnerships BC, and obtain market value for surplus land.

Performance Measure 1: Private Investment Capital Leveraged

Leverage is the value of partnership contributions and net land sales revenues. This performance measure includes financial, land and/or other contributions at the time of construction from non-provincial treasury sources; such as municipalities, Crown corporations, First Nations and the private sector. It also includes the financing of projects by the private sector under Design-Build-Finance-Operate arrangements. It does not include contributions from the federal government, which are measured separately. The performance measure also includes the net value captured from land sales.

Performance Measure	2002/03[1]	2003/04[1]	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Private investment capital leveraged through public-private partnerships and defrayed or reduced costs from efficient land use.	$15.5 M	$24.5 M	$26.8 M	$90.0 M	$132.9 M	$42.9 M

[1] The 2002/03 and 2003/04 actuals were restated to include net land sales not associated with a specific project.

How the results are measured

The contribution / recovery from partners and the land contribution are measured against the gross cost of capital projects.

Data reliability

Results are based on financial contributions from partners, net revenue from land sales, independent valuation of other contributions, and estimates of the value of construction undertaken on Design-Build-Finance-Operate contracts.

Explanation of variance

The positive variance is primarily due to construction being ahead of schedule for a number of major projects. It is anticipated that the acceleration of actual leverage in 2005/06 may be offset by lower actual leverage amounts of approximately equal value in future years.

Key Strategy B

Solicit and obtain federal funding for transportation projects in British Columbia.

Performance Measure 2: Federal Funding Leveraged

Funding from the federal government helps British Columbia achieve longer term sustainable financing for transportation improvements.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Federal funding investment leveraged. (Capital investment from federal government programs.)	$64 M	$54 M	($10 M)

How the results are measured

The actual figures refer to the amount of federal funding confirmed through signed British Columbia / Canada contribution agreements.

Fiscal recoveries under British Columbia / Canada contribution agreements require the projects to be implemented within an agreed-upon time frame.

Data reliability

The recoveries are based on funds actually received or accrued by the Province.

Explanation of variance

The variance is primarily due to:

- a revised cash flow schedule for the Kicking Horse Phase II Concessionaire Agreement; and
- some minor cash flow schedule changes under the Strategic Highway Infrastructure Program and the Border Infrastructure Program due to changes in scope, the addition of new projects and the weather.

The revised cash flow schedules will result in additional recoveries being incorporated into future years' targets.

Key Strategy C

Complete projects on budget and on time.

Performance Measure 3: Capital Project Performance

Meeting budgets and schedules lets the ministry make effective use of the public's investment in transportation.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Project Performance:			
• Projects completed on budget.	97%	97%	0
• Projects completed on schedule.	90%	91%	1%

These two measures will be combined in 2006/07 to create a new measure, the percentage of projects that meet their budget and schedule.

How the results are measured

All projects under the capital program are aggregated each fiscal year to compare the planned cost of the projects to the actual cost and the scheduled progress of the projects to the actual progress. Total actual expenditures are compared to total approved budgets. Actual completion dates are compared to scheduled completion dates.

Data reliability

Very reliable. Approved budgets and schedules are compared to actual expenditures and completion dates.

Explanation of variance

The target was exceeded marginally as several contracts were completed ahead of schedule.

Objective 3

The worsening congestion trend in urban areas is mitigated.

Key Strategy

Implement cost-effective highway upgrades that improve traffic flow, reduce delay-causing crashes and add new capacity, using partnership cost-sharing where feasible.

Performance Measure: Level of Traffic Congestion for Urban Highways

This performance measure examines how often vehicles in urban British Columbia drive through a congested highway segment. The measure focuses on urban highways, as congestion generally is not a problem on rural highways.

A vehicle-kilometre is a single kilometre travelled by one vehicle. If 10 vehicles travel through the same 2 kilometres of congested highway, this counts as 20 vehicle-kilometres travelled in congested conditions.

Performance Measure	2001	2002	2003	2004	2005 Target	2005 Actual	2005 Variance
Percentage of urban vehicle kilometres travelled in congested conditions.	13.0%	13.6%	13.4%	14.6%	14.3%	14.9%	(0.6%)

Reporting of this measure will be discontinued in 2006/07 since it is difficult for readers to understand and the trend is largely outside the ministry's control.

How the results are measured

Traffic count stations monitor 12 per cent of the total urban highway length, a sample which the ministry uses to represent the entire urban system. This performance measure is calculated for the calendar year, not the fiscal year.

A highway segment is considered congested whenever traffic volumes rise over 80 per cent of the segment's peak hourly volume that year.

Data reliability

This method accounts for changing traffic volumes from year to year, changing traffic flows as a result of highway improvements or problems, and differences between urban and rural conditions. Ministry traffic count station data is quite reliable.

There are many factors outside ministry control that affect urban congestion, such as changes in population, levels of vehicle ownership, ride-sharing behaviour, and the status of adjacent non-provincial routes.

Explanation of variance

The variance is not significant given the large amount of data used in calculating this measure and the many factors that affect urban congestion.

Objective 4

Improved mobility for highways servicing major economic gateways.

Key Strategy

Improve mobility and reliability and reduce bottlenecks on major urban and rural trade corridors, using partnership cost-sharing where feasible.

Performance Measure: Average Commercial Trucking Travel Speed

The speed of approximately 1,500 heavy long-distance trucks was monitored as they travelled on primary provincial numbered highways.

Performance Measure	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Average commercial trucking travel speed between major economic gateways.	71 km/hr	71 km/hr	69 km/hr	(2 km/hr)

How the results are measured

The data comes from a private firm which provides tracking services to the trucking industry through the use of satellite technology. Truck locations are recorded each hour and whenever the ignition is switched off.

The overall average speed is calculated by dividing the total distance travelled by the total time elapsed. The measured speed includes mandatory stops at brake check areas and weigh scales, delays due to the effects of highway geometrics, grades, congestion, construction, incidents, weather, speed limits, truck power and weight, and any stops where the driver did not shut off the engine.

The measured speeds ranged from 32 kilometres per hour in congested urban areas to 79 kilometres per hour in uncongested rural areas.

Data reliability

The data is very reliable in terms of highway coverage (5 840 km), data quantity (over 110,000 samples), temporal conditions (constant data from peak summer and shoulder autumn seasons) and location (capturing both urban and rural conditions). Unreasonably low speeds are screened out.

In the winter months, the average speeds may be higher because of lower rural traffic volumes; however, weather conditions also affect the results.

Explanation of variance

The small negative variance may indicate that urban and rural congestion is causing performance to decrease; however, it is difficult to be certain given the many factors that can affect truck travel time.

Goal 2

British Columbia is provided with a safe and reliable highway system.

Core Business Area

Highway Operations

Objective 1

Contractors maintain the provincial highway system to a high standard.

Key Strategy A

Maintain the highway system in a cost-effective way.

Performance Measure 1: Maintenance Cost per Lane Kilometre

The cost of maintenance is a substantial portion of the ministry budget. The cost per lane kilometre indicates how well the ministry is containing these costs.

The majority of the cost consists of estimated costs of road and bridge maintenance contracts, pavement marking contracts and electrical maintenance contracts. It also includes an estimate of other maintenance costs — the costs of administering the contracts and other maintenance activities performed by ministry staff (e.g., radio and electronics, some electrical maintenance and avalanche control).

Performance Measure	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Maintenance cost per lane kilometre.	$3,977	$4,124	$4,159	$4,090	$4,036	$4,194	$4,086	$108

Reporting of this measure will be discontinued in 2006/07 since it is an input measure, the aggregation of which is reported in the Resource Summary section.

How the results are measured

The total allocated cost is divided by the total number of lane kilometres of road maintained.

Data reliability

Data reliability is very high. It is based on the most recent inventory data. The remainder are actual costs from the financial reports.

Explanation of variance

The ministry target was exceeded marginally as several contracts came in under budget and the districts updated their data resulting in an increase in lane kilometres.

Key Strategy B

Fully implement and review the Contractor Assessment Program (CAP), a new procedure for auditing how well highway maintenance contractors are delivering services.

Performance Measure 2: Contractor Assessment Program

Local and regional audits verify maintenance contractors' compliance with the contract terms. As well, key stakeholders in each service area are asked to rate their level of satisfaction with road maintenance. The results are combined to give an overall contractor assessment.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Contractor Assessment Program	91%	92.6%	1.6%

How the results are measured

The CAP rating for each contractor is averaged to provide an average CAP rating. The individual contractor's rating is determined by the weighted average of the three components of CAP. The weightings are:

Performance Measures	Local assessment	Regional assessment	Stakeholder assessment	Total
Winter performance	30%	18%	12%	60%
Summer performance	20%	12%	8%	40%
Total	**50%**	**30%**	**20%**	**100%**

Data reliability

Results for 26 of the 28 contracts are included. The two remaining contracts will commence in the summer/fall of 2006.

Explanation of variance

The target was exceeded slightly. The highway maintenance contracting industry as a whole is providing good service, as evidenced by the quality audit reviews at the local and regional levels, as well as by stakeholder opinion.

Objective 2

The main highway system is maintained and rehabilitated on a lowest life-cycle cost basis.

Key Strategy A

Maintain and regularly assess the condition of the main highways to determine which needs should take priority in annual resurfacing programs.

Performance Measure 1: Pavement Condition for Main Highways

The Pavement Condition Rating is a measure of the overall surface condition of a paved road that takes into account roughness experienced by the road user and standard engineering measurements of surface distress, such as cracks, rutting and surface defects.

Performance Measure	2002/03	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Pavement Condition (for main highways): • Per cent of kilometres where condition is good or excellent.	75%	75%	75%	76%	74%	(2%)

This and the lane kilometres resurfaced measure will be replaced in 2006/07 by a measure of improvements to the main highway system to offset deterioration.

How the results are measured

The ministry contracts out the collection of pavement surface condition data to contractors who use high-tech pavement evaluation vehicles that take detailed measurements at 50-metre intervals.

The pavement surface condition of primary highways is surveyed every two years. Selected secondary highways are surveyed every three years.

Data reliability

The data is collected using proven survey methodology, very specialized vehicles equipped with sophisticated monitoring equipment, and stringent quality control and quality assurance specifications.

The performance measure shows the findings of the most recent survey of the network and cannot be interpreted as a depiction of the entire highway system in any one year. The trend over several years is a better indicator of highway condition than the actual value in any one year.

Explanation of variance

The target was essentially met; the variance is negligible within the accuracy levels associated with the pavement surface condition surveys.

Performance Measure 2: Bridge Condition

Ministry employees regularly assess the condition of bridges and their components and calculate an average ranking of bridge condition.

Performance Measure	2002/03	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Bridge condition: • Per cent of bridges where condition is good or excellent.	82%	85%	85%	80%	85%	5%

Reporting of this measure will discontinue for 2006/07 and beyond, as it creates the incorrect impression that our bridges requiring rehabilitation are unsafe, which is not true. Asset management and monitoring of our bridges will continue.

How the results are measured

Ministry Bridge Area Managers perform inspections throughout the year. Each bridge is inspected approximately once a year. Results are recorded in a database.

Data reliability

Bridge inspections follow published guidelines for component condition rating to ensure consistent results.

Bridge Area Managers are certified in bridge inspection through the joint ministry and British Columbia Institute of Technology bridge inspection course.

Explanation of variance

With the addition of new bridges from the Vancouver Island Highway Project into the ministry inventory, the overall percentage of bridges in good condition increased. In addition, the rehabilitation program has focused investment on bridge replacements and rehabilitation.

Key Strategy B

Rehabilitate the main highways at a level that will ensure a lowest life-cycle cost.

Performance Measure 3: Number of Lane Kilometres Resurfaced

Resurfacing extends the life of a highway and makes the road easier to drive. In addition to resurfacing treatments, such as hot-in-place recycling, this performance measure includes the first time hard-surfacing of gravel roads.

The performance measure counts all individual travel lanes that have been resurfaced. For example, resurfacing 15 kilometres of a two-lane highway is recorded as 30 lane kilometres.

Performance Measure	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Highway Rehabilitation:					
• Number of lane kilometres resurfaced.	2 794	2 765	2 500	2 601	101

This and the pavement condition measure will be replaced in 2006/07 by a measure of improvements to the main highway system to offset deterioration.

How the results are measured

Lane kilometres are measured in the field during resurfacing projects.

Data reliability

The data comes from completed contract records.

Explanation of variance

The target was exceeded; the ministry was able to initiate additional projects due to early tendering.

Objective 3

Improved road access for resource industries and rural residents.

Key Strategy A

Continue to invest $75 million per year to address the deficit in Heartlands road quality.

Performance Measure 1: Surface Condition of Heartlands Roads

This measure is an indicator of the condition of paved and gravel road surfaces which combines results from automated and visual measurement surveys.

Performance Measure	2002/03	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Surface Condition:						
• Percentage of kilometres where condition is good or excellent.	34%	39%	44.5%	43%	46%	3%

This and the following measure will be replaced in 2006/07 by a measure of cumulative improvements made to side roads to offset deterioration.

How the results are measured

Independent contractors measure surface distress and roughness for paved surfaces on a four-year cycle. Representative samples of gravel surfaces are also measured.

Highways that are improved through base reconstruction, first time hard surfacing or other treatments have their surface condition measured in the field during program delivery. These measurements will be included until 2006 to provide additional data, while the automated condition surveys are underway. The surveys are conducted by contractors using automated road testing vehicles equipped with sophisticated on-board systems and instrumentation.

Data reliability

The surveys and data post processing are guided by quality assurance procedures to ensure the data is collected accurately and is repeatable from year to year. The use of a third party contractor to collect the data provides objectivity and consistency throughout the province. The surveys are designed to provide accurate and representative data that will allow the ministry to analyze the side road network as a whole. The data is collected using proven survey methodology, and stringent quality control and quality assurance specifications.

The performance measure shows the findings of the most recent survey of the side road network, and cannot be interpreted as a depiction of the entire side road network system in any one year. The trend over years is a better indicator of side road network condition than the actual value in any one year.

Explanation of variance

The target was exceeded slightly; however, given the limitations described above, these single-year results should not be attributed to the overall condition of the side road system.

Key Strategy B

Invest strategically to support B.C.'s resource industries, by providing enhanced ability to move critical goods that drive the economy.

Performance Measure 2: Number of Lane Kilometres Treated

Lane kilometre treatments include base reconstruction and strengthening, gravel surfacing and first time hard surfacing or resurfacing. These measures apply to northern and Heartlands roads only.

Performance Measure	2002/03	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Number of lane kilometres treated.	870	894	939	870	1114	244

This and the previous measure will be replaced in 2006/07 by a measure of cumulative improvements made to side roads to offset deterioration.

How the results are measured

The condition data for northern and rural roads now resides in the ministry's corporate Road Pavement Management system. Lane kilometres of roads that are treated are measured in the field.

Data reliability

Reliable distance measuring devices are used in the field and distances are measured during program delivery.

Explanation of variance

The target was exceeded as in many cases the required treatments involved sealcoating and gravelling which are less sensitive to rising asphalt and fuel commodity costs, freeing up resources to do additional work.

Objective 4:

Improved highway safety and reliability.

Key Strategy A

1. Monitor highway safety and improve high-risk locations, with input from Regional Transportation Advisory Committees.
2. Maximize highway safety and reliability through safety-focused enhancements and low-cost improvements such as signs, lighting and lane markings.

3. Work with safety partners such as ICBC, the RCMP and the Ministry of Public Safety and Solicitor General to develop a safety plan to achieve the targets established in the Canada-wide Road Safety Vision 2010.

Performance Measure 1: Crash Reduction after Construction on Safety Improvement Capital Projects

A comparison between baseline measures prior to capital improvements (benchmark is 725 crashes) and measured results after the safety improvements is completed. A minimum of three years of crash data is required after project completion to determine a trend in improved safety.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Crash reduction after construction on safety improvement capital projects.	50 Crash Reduction	72 Crash Reduction	22 Crash Reduction

How the results are measured

When the RCMP attend an automobile accident on a provincial road, the crash data they collect is sent to ICBC. ICBC removes any personal details and provides the data to the ministry.

Data reliability

A long time frame is needed to have confidence in the achieved safety benefits. Results reported this year should be considered as preliminary.

Explanation of variance

The target was exceeded; however, the results are preliminary due to the short measurement period.

Key Strategy B

Minimize the number of unplanned road closures through implementing in place preventative measures.

Performance Measure 2: Highway Closures

The ministry tracks all unplanned closures longer than 30 minutes on numbered highways. Based on past experience, the ministry expects approximately 2,500 hours of unplanned closures each year. The ministry has little control over unplanned closures as most are the result of accidents or natural causes; however, preventative maintenance does help prevent many closures.

The ministry minimizes closures by quickly clearing debris and collisions, using rock scaling and planned avalanches to prevent slides and uncontrolled avalanches, working with police to minimize the duration of closures after accidents and making physical improvements to the highway system.

Performance Measure	2003	2004	2005 Target	2005 Actual	2005 Variance
Annual duration in hours of unplanned highway closures greater than half an hour for all numbered highways.	3,723	1,802	2,500	2,688	(188)

Reporting of this measure will be discontinued in 2006/07 since it is largely outside the ministry's control.

How the results are measured

Highway closures are compiled by the Provincial Highways Conditions Centre based on data collected by road and bridge maintenance contractors, ministry personnel and outside emergency response agencies such as the RCMP.

Data reliability

Data providers may not always know the exact time a closure began, but they use the best estimate that could be established at the time of the incident.

Explanation of variance

The target was essentially met; however, given the factors described above, hours of unplanned highway closures are largely outside the ministry's control.

Objective 5

Effective road safety enforcement, education and programs for the commercial transport industry.

Key Strategies

1. Work with industry stakeholder groups to promote better understanding of the regulations and policies intended to promote safety for users of the highway system.
2. Promote regulations and policies which are based on recognized safety criteria.
3. Distribute information brochures promoting safe driving and vehicle maintenance practices.
4. Establish and enforce standards that govern British Columbia's commercial transport industry.
5. Work with other jurisdictions to coordinate and harmonize commercial transport and vehicle safety standards.
6. Introduce systems improvements to enhance the quality and timeliness of commercial vehicle safety data for monitoring and enforcement.

Performance Measure: Variation from National Average in OOS Rate for Commercial Vehicles

The percentage of vehicles with defects which result in the vehicle being placed Out-Of-Service (OOS) has historically proven to provide a good barometer for measuring trends toward vehicle safety. Traditionally, the acceptable level for OOS is within +/-2 per cent of the national average for commercial vehicles as determined during the International Roadcheck.

Performance Measure	2003/04 OOS Rate	2004/05 OOS Rate	2005/06 Target	2005/06 Actual OOS Rate	2005/06 Variance
Provincial average OOS rate for commercial vehicles.	21.5%	19.8%	+/- 2% of national average	18.9%	Within target (0.4%)
National average.	20.1%	21.6%	Not applicable	18.5%	Not applicable

How the results are measured

The OOS rate is determined by dividing the number of OOS commercial vehicles by the total number inspected. This provides the OOS rate for British Columbia which is then compared to the national average.

Data reliability

Data was collected by ministry staff through random samples over 72 hours at four sites in British Columbia. The sites were consistent with prior years to ensure reliability.

Explanation of variance

The target was met. The trend shows a steady reduction in the OOS rate in British Columbia.

Objective 6

An effective risk management process is established across the ministry.

Key Strategy

Increase awareness of risk and risk management concepts and techniques through training, education and practice. Incorporate Enterprise Risk Management (ERM) into ministry planning and decision-making at all levels.

Performance Measure: Risk Management Plan

Risk management is a process for identifying and mitigating events that may have a significant impact on costs and achievement of goals and objectives. The ministry's risk management processes have been used to effectively manage operational risks for many years. In 2005/06, the ERM approach was integrated to enhance these activities. The ministry delivered a number of staff training and awareness sessions and a series of intensive workshops to achieve integration. Risks, their potential likelihood and consequences of occurrence, and possible mitigation strategies were identified. Workshop results will be considered in the continuing development of the ministry's risk management strategy.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Risk management plan.	Completion of the plan.	ERM approach integrated with existing risk management processes.	Not applicable

Reporting of this measure will be discontinued in 2006/07 as it is an input measure and an intrinsic part of ministry business.

Goal 3

British Columbia's transportation industries become more competitive.

Core Business Area

Transportation Improvements.

Objective 1

Reduction or elimination of third party regulations and policies that impede British Columbia's ability to compete with other jurisdictions in the transportation market.

Key Strategy

Work with the Vancouver International Airport Authority (YVRAA) to encourage the federal government to adopt a policy of liberalized international air agreements that would allow more carriers to stop in Vancouver and either pick up or drop off passengers and goods.

Performance Measure: Progress Toward Implementation of an Amended Canada-U.S. Air Travel Agreement

This performance measure is non-traditional in that its achievement is entirely under the control of a third party (the federal government). Nevertheless, updated air agreements are critical to the growth of Vancouver International Airport (YVR) as a North American gateway.

Performance Measure	2003/04	2004/05	2005/06 Target	2005/06 Actual
Progress toward implementation of an amended Canada-U.S. air service agreement.	Memorandum of Cooperation with YVR Airport Authority.	Implemented Memorandum of Cooperation strategy and reported on results. Canada and U.S. agreed to commence exploratory talks.	Amended Canada-U.S. air service agreement.	Amended Canada-U.S. air service agreement negotiated by Canada in Nov. 2005, to come into effect in Sept. 2006.

Reporting of this measure will be discontinued in 2006/07 as the agreement is in place.

How the results are measured

Results are measured in terms of milestone events. In 2005/06, the amended Canada-U.S. air service agreement was negotiated.

Objective 2

Building on the British Columbia Ports Strategy as part of a Pacific Gateway Strategy.

Key Strategies

1. Ensure British Columbia's ports and airports are gateways for economic growth and development by providing a long-term plan.
2. Work closely with other ministries where responsibilities may overlap in the implementation of this plan.

Performance Measure: Container Traffic (Millions, TEU)

Key service plan indicators for measuring the economic growth of British Columbia's ports included the increase in share of container traffic on the Pacific West Coast, direct jobs and economic output. The target for 2005/06 was a three per cent growth in all port system indicators over benchmarks reported in the British Columbia Ports Strategy. In recognition of data availability and reliability limitations, the results below are reported in terms of growth in actual container volumes only.

Performance Measure	Benchmark	2005/06 Target	2005/06 Actual	2005/06 Variance
Container traffic volume (millions, TEU).	1.80	1.85 (3% growth)	2.10 (17% growth)	0.25 (additional 14% growth)

TEUs are twenty-foot equivalent units, a standard measure for containers where one TEU = one 20 foot container.
This measure will be modified in 2006/07 to measure growth in container volume expressed as a percentage.

How the results are measured

Asia-Pacific container traffic volumes handled by North America's west coast ports in 2003 are included in the B.C. Ports Strategy as a benchmark against which to compare future container volumes. Updated 2005 figures from the key trading ports in B.C. have been compared with the 2003 traffic volumes.

Data reliability

Actual container traffic volumes are reported annually.

Explanation of variance

Growth in container traffic handled by British Columbia's key trading ports exceeded the target by 14 per cent. This growth is being driven by the rapid increase in Asia-Pacific container traffic, which is projected to increase 300 per cent by 2020.

Goal 4

Excellent customer service is achieved and the ministry is recognized as a good employer.

Core Business Areas

All

Objective 1

Excellent service is provided to all British Columbians.

Key Strategies

1. Compare annual survey results to baseline data gathered in prior years.
2. Conduct focus group sessions with individual stakeholder groups to identify potential service delivery gaps.
3. Survey internal business unit staff and colleagues to identify structural or business process improvement opportunities.
4. Use survey results and feedback to improve processes, procedures and communications within the ministry.

Performance Measure: Customer Satisfaction

The goal of the customer satisfaction survey program is to obtain a complete view of the ministry's service delivery. In 2005 the survey scope was expanded to include all external customers and stakeholders, internal clients and colleagues, and highway users. The combination of internal and external resources allowed for a greater number of people to be surveyed. The survey allowed the ministry to set a benchmark for service delivery with internal business units while measuring customer satisfaction against previous year performance and projected targets.

Performance Measure	Benchmark Ten point scale	2005/06 Target	2005/06 Actual	2005/06 Variance
Customer Satisfaction	7.0	7.5	7.85	0.35

How the results are measured

Each survey respondent was asked a common set of questions. Prior year benchmark data used a ten point scale while a five point scale was used for 2005. Transitioning the measures from the previous year ten point scale to the new five point scale required a ratio factor to be developed in 2004 by administering two surveys of the same questionnaire, one in a five point scale and one in a ten point scale. The table above displays the year in the ten point scale. Future targets and actuals will be cast in the five point scale.

Data reliability

The margin of error was +/-1.9 per cent at the 95 per cent confidence interval for aggregate survey results, accurate to within 1.9 percentage points 19 times out of 20.

Explanation of variance

The survey results for 2005 suggest the ministry is meeting and exceeding its goals to improve service quality and the ministry will achieve an even higher level of satisfaction in 2006.

Objective 2

Employees are provided with the support, training and working environment they need to excel at their jobs.

Key Strategies

1. Implement an employee advisory forum to provide a conduit whereby the Executive and ministry staff can identify workplace concerns and engage in continuous improvement.
2. Undertake annual surveys of employee engagement and use the results to target key items for workplace improvement.

Performance Measure: Employee Satisfaction

Employee satisfaction is measured through a survey administered by BC Stats to all staff. It is a measure of the current level of employee satisfaction and of how well the ministry is progressing toward the goals outlined in the People Plan, which has evolved into an Employee Advisory Forum. Future measurements will focus on employee engagement, of which employee satisfaction is but one element.

Performance Measure	2003/04	2004/05	2005/06 Target	2005/06 Actual	2005/06 Variance
Employee Satisfaction: • Assessed through the annual Employee Satisfaction Survey.	62%	64%	69%	64%	(5%)

This measure will be replaced in 2006/07 by an employee engagement measure.

How the results are measured

An employee survey solicits input on job satisfaction. The results are analyzed and interpreted to provide a comprehensive report.

Data reliability

The data is considered reliable and provides a good indicator of employee satisfaction. Each year that the survey is administered increases the data set and therefore the overall reliability.

Explanation of variance

This year's survey produced a five per cent negative variance with regard to employee satisfaction. The ministry's staff expanded by over 20 per cent with the addition of new program responsibilities in the early fall of 2005, just prior to the survey release. The variance can be explained at least in part by the new staff, the addition of whom improved the survey results for some questions and lowered them for others.

Deregulation

The Provincial government has committed to reducing unnecessary red tape and regulation. The goal is to produce smart regulations that cost less and are more effective, results-based and responsive to our fast changing world. The Minister of Small Business and Revenue is responsible for the regulatory reform initiative. However, each minister is responsible and accountable for regulatory reform within his or her mandate.

The Ministry of Transportation continues to support the government's deregulation and regulatory reform initiative by conducting annual reviews to look for opportunities to streamline its legislation. The current objective is to maintain the June 2004 baseline.

Progress was measured on the government-wide database that tracks all changes to the baseline count. The database is administered by the Smart Regulation Office of the Ministry of Small Business and Economic Development.

Ministry of Transportation targets were met or greatly exceeded. Introduction of the new *Passenger Transportation Act* and Regulation, which replaced the *Motor Carrier Act* and Regulation, resulted in a 56 per cent reduction in regulatory requirements for this area.

Performance Measure	2005/06 Target	2005/06 Actual	2005/06 Variance
Maintain June 2004 baseline Passenger Transportation legislation, regulations and policies.	0% increase	56% decrease	56% decrease
Maintain June 2004 baseline legislation, regulations and policies.	0% increase	0% increase	0

Report on Resources

The ministry dedicates almost all its resources to planning, building and protecting a transportation network that will strengthen British Columbia's economies and communities. It invests heavily in transportation improvements, public transportation, and highway operations to provide this network and keep it safe and reliable. The ministry also diligently monitors the service it provides to ensure the public is getting good value for money.

Minimal resources are dedicated to administering key transportation regulations.
The ministry anticipates no major changes in its available resources or the way they are invested.

Kelowna
New Hybrid Electric Bus

Resource Summary 2005/06

Ministry of Transportation

	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Transportation Improvements	17,925	0	17,925	20,318	(2,393)
Public Transportation[1]	359,292	10,645	369,937	360,303	9,634
Highway Operations	437,337	0	437,337	444,601	(7,264)
Passenger Transportation Regulation	2,301	0	2,301	1,917	384
Executive and Support Services	12,236	0	12,236	12,282	(46)
Total	**829,091**	**10,645**	**839,736**	**839,421**	**315**
Full-time Equivalents (FTEs)[2]					
Transportation Improvements	286	0	286	240.1	45.9
Highway Operations	932	0	932	956.9	(24.9)
Passenger Transportation Regulation	22	0	22	18.8	3.2
Executive and Support Services	83	0	83	80.2	2.8
Total	**1,323**	**0**	**1,323**	**1,296**	**27**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)[3]					
Transportation Improvements	1,255	0	1,255	633	622
Highway Operations	17,163	0	17,163	14,772	2,391
Passenger Transportation Regulation	183	0	183	29	154
Executive and Support Services	398	0	398	80	318
Total	**18,999**	**0**	**18,999**	**15,514**	**3,485**
Other Financing Transactions ($000)[4]					
Prepaid Capital Advances — Public Transportation	24,800	0	24,800	20,504	4,296
Revenue ($000)[5]					
Total Receipts	**114,492**	**0**	**114,492**	**120,903**	**(6,411)**

[1] The ministry accessed government contingency for $10.6 million to fund fuel cost pressures and a provincial sales tax assessment on Rapid Transit Project 2000 rolling stock.

[2] FTE staff usage was 27 under budget due largely to recruitment lag.

[3] The ministry CRF capital budget was under expended largely due to the deferral of systems and operating equipment purchases.

[4] Prepaid Capital Advances are made to support Public Transportation around the province. The variance is due to revised capital expenditures by Rapid Transit Project 2000.

[5] Revenue was $6.4 million higher than expected due to increased Coquihalla Toll and weigh scale permit revenues.

BC Transportation Financing Authority

	Total Estimated [1]	Actual	Variance
Revenue ($000)			
Dedicated taxes [2]	425, 200	429,901	(4,701)
Amortization of deferred contributions [3]	165,270	167,932	(2,662)
Other revenue [4]	46,888	55,663	(8,775)
Total	**637,358**	**653,496**	**(16,138)**
Expenditures ($000)			
Amortization	313,002	313,590	(588)
Interest [5]	156,279	155,365	914
Heartlands roads program [6]	35,000	12,964	22,036
Grant programs [7]	94,012	65,763	28,249
Operations and administration [8]	28,625	53,156	(24,531)
Total	**626,918**	**600,838**	**26,080**
Net Income ($000)			
Net Earnings (Loss)	**10,440**	**52,658**	**(42,218)**
Capital Plan ($000) [9]			
Transportation Improvements	**647,673**	**639,365**	**8,308**

[1] These amounts have been restated to be consistent with the classification of revenue and expenditures adopted for the 2006/07 and subsequent years' budgets.
[2] Dedicated taxes include 6.75 cents per litre motor fuel tax and a provincial sales tax on short-term car rentals of $1.50 per day.
[3] Contributions toward capital assets are deferred and amortized to income at the same rate as the related highway infrastructure is amortized to expense.
[4] Other revenue includes interest, property and economic development revenues.
[5] Interest on borrowing used to finance construction work in progress is capitalized. Upon completion, related interest costs are expensed.
[6] Improvements to Heartlands roads are included in capital expenditures; repairs to Heartlands roads are expensed. Total Heartlands roads program is $75 million per year to the end of 2007/08, then $55 million for 2008/09. The variance in the expense portion was offset by a greater portion included in capital expenditures.
[7] Grant programs include grants paid under the Transportation Partnerships Program for ports and airports, the provincial contribution to the Canada Line rapid transit project and other projects. The variance was primarily due to adjustments in the Canada Line and in the Port of Prince Rupert project delivery schedules.
[8] Operations and administration variance was primarily due to unanticipated write down of project costs and First Nations accommodation agreements.
[9] Capital Plan numbers are net of federal funding.

Complete BC Transportation Financing Authority Financial Statements are available at: http://www.th.gov.bc.ca/publications/ministry_reporting/BCTFA/05-06_financial_statement.pdf.

Major Capital Projects

Nisga'a Highway

Objective: The Nisga'a Highway Project has been a seven-year investment program that involved upgrading the Nisga'a Highway from a gravel resource road to an all-weather, two-lane highway that meets a 70 kilometres per hour standard. The upgrade, which is expected to be finished by June 2006, will better serve Nass Valley residents and resource industries in the area.

Costs: The estimated total cost for the seven-year program is $52 million.

Benefits:

- Safer roads;
- travel time savings;
- better access to British Columbia communities; and
- economic development through increased tourism and more efficient movement of goods and services.

Risks: This project has presented engineering and construction challenges due to the rugged terrain. However, few risks remain as the construction left on the Nisga'a Highway upgrade is straightforward gravel and paving work.

Kicking Horse Canyon

Objective: Upgrade the 26-kilometre section of the Trans-Canada Highway to a modern, four-lane standard from the junction of Highway 95 at Golden to the western boundary of Yoho National Park. This corridor was originally constructed throughout the 1950s and is mostly two lanes wide. It is an important route for tourism and inter-provincial trade, serving as a gateway between British Columbia and the rest of North America. Additionally, by connecting remote resource extraction sites with processing, manufacturing and distribution centres, this portion of the Trans-Canada Highway is a key part of our province's resource economies, particularly forestry and mining.

The Kicking Horse Canyon project has three phases, of which only the first two are funded and underway.

Costs: The estimated cost is $195 million for the first two phases.

- **Yoho (5-Mile) Bridge (current budget $65 million):** The cost of this work is being shared with the Government of Canada under the Strategic Highway Infrastructure Program. The federal portion is $23 million and the provincial portion is $42 million. Expenditures to March 31, 2006, are $53 million. Construction is on schedule and expected to be complete by fall 2006.
- **Park (10-Mile) Bridge (current budget $130 million):** The cost of this work is being shared with the Government of Canada under the Canadian Strategic Infrastructure Fund. The federal portion is $62.5 million and the provincial portion is $67.5 million. The provincial government awarded a public-private partnership to deliver the improvements

through a Design-Build-Finance-Operate (DBFO) contract in October 2005. Design and construction by the DBFO contractor commenced in November 2005. Expenditures to March 31, 2006, are approximately $29 million.

Note: It is anticipated that in the future there will be a third phase for upgrades from Golden to 5-Mile and 10-Mile to Yoho National Park when federal cost-sharing is secured. Improvements likely will be made over the longer term, rather than within the three-year scope of the most recent service plan. Preliminary engineering work is underway.

Benefits:

- Safer roads and increased capacity on a critical provincial and national gateway;
- fewer road closures due to slides and accidents;
- replacement of two major structures that are nearing the end of their service lives; and
- economic development through increased tourism and more efficient movement of goods and services.

Risks:

- Challenging climatic and geographic conditions; and
- managing traffic during construction.

William R. Bennett Bridge

Objective: Construct a new five-lane bridge to replace the existing 48-year-old bridge which is now at the end of its economic and useful life, and reduce the increasing traffic congestion. A competitive procurement process resulted in the selection of SNC-Lavalin as the private partner to design, build, finance and operate the new bridge and related improvements to the highway approaches.

William R. Bennett Bridge
Installation of Top Slab Formwork.

Costs: The bridge and east approach capital improvements are estimated to cost $144.5 million.

Benefits:

- Improved safety;
- reduced congestion and travel time;
- reliable 75-year life for new bridge; and
- economic development through increased tourism and more efficient movement of goods and services.

Risks: Engineering and construction challenges, which are substantially transferred to the private sector through the public-private partnership.

Sea-to-Sky Highway Improvement Project

Objectives: Implement extensive improvements to the existing highway between Horseshoe Bay and Whistler to improve safety, reliability and mobility. The improvements will make travel along the corridor safer for residents, commuters, tourists and businesses moving goods.

Costs: The ministry chose a combination of private partnerships to deliver the highway improvements on the Sea-to-Sky corridor. Approximately two-thirds of the capital expenditure of the overall project is being undertaken through a 25-year performance-based public private partnership between the ministry and the S2S Transportation Group. The total capital budget for the project is $600 million with on-target expenditures of $170 million to March 31, 2006. Further information including a Capital Project Plan is available at: http://www.seatoskyimprovements.ca/ .

Benefits:

- A safer road;
- increased capacity;
- reduced vehicle operating costs;
- fewer road closures due to slides and traffic incidents; and
- First Nations' participation and opportunities.

Risks:

- Difficult terrain and unstable areas that the highway crosses;
- the need to keep a large volume of traffic flowing while carrying out the improvements;
- the need to address municipal, First Nations, community and environmental issues; and
- the unalterable schedule for completing the job.

Rapid Transit Project 2000

Objective: The Millennium Line project, which is complete and running smoothly, included construction of the 21.6 kilometre Millennium Line extension to the SkyTrain rail transit system in the Lower Mainland, plus feasibility studies of two planned further extensions of the SkyTrain. The last major milestone for the Millennium Line — the construction of the last portion from Commercial Station to Vancouver Community College — was achieved in December 2005. The completion of the Millennium Line provides the Lower Mainland with the longest (48 kilometres) fully-automated rapid transit system in the world.

Costs: The total cost of the Millennium Line is $1.104 billion, which is $63 million lower than its approved budget of $1.167 billion.

Benefits:

- Rapid transit service for current and future commuters;
- reduced congestion;
- reduced pollution from automobile exhaust emissions;
- slower growth in the demand for new highway infrastructure; and
- less urban sprawl, due to compact development around transit stations.

Risks: No risks as the Millennium Line is complete. The RTP 2000 website is located at: http://www.rapidtransit.bc.ca.

Transportation Investment Plan

Key components of the Transportation Investment Plan include:

- **Border Crossing Program** — Roughly $91 million was invested in 2005/06 on projects to enhance the free flow of goods through British Columbia's busiest border crossings to keep international trade moving and the economy strong. Of this, $31 million was recovered from federal and municipal partnering opportunities. The program's multi-year projects, totaling $258 million, will be cost-shared with the federal government.
- **Gateway Program** — $44 million was invested in 2005/06 in reducing congestion and improving the movement of goods, people, and transit throughout Greater Vancouver through a proposed program of road and bridge improvements along and across the Fraser River. Proposed projects include:
  - South Fraser Perimeter Road, a primarily new east-west route along the south side of the Fraser River;
  - North Fraser Perimeter Road, a set of improvements to existing roads from Coquitlam to Maple Ridge, including a new high-level Pitt River Bridge to replace the existing swing bridges; and
  - Port Mann Bridge/Highway 1, which involves twinning the Port Mann Bridge, upgrading interchanges, and improving access and safety along Highway 1 from Vancouver to Langley. The project would make it possible to extend the high occupancy vehicle lanes and transit across the bridge.

  The ministry is consulting with local and regional governments and conducting technical and financial analyses to develop a draft project scope for public consultation and environmental assessment review. The Gateway Program has developed a draft cycling plan for consultation, to accommodate commuter and recreational cyclists within the Gateway corridors, including across the potentially-twinned Port Mann Bridge. This component will see the largest single expansion of cycling network in the history of British Columbia — a $50 million commitment.
- **Highway Corridors** — Investments totaling $72 million were made in 2005/06 improving the performance of highway corridors through projects such as passing lanes, four-laning, left turn slots, realignments and safety upgrades. $9 million of this was recovered through the federal Strategic Highway Infrastructure Program (SHIP). Projected investment from

2005/06 to 2007/08 is in the order of $200 million. Approximately $10 million of this will come from the federal government under the SHIP.

- **Cariboo Connector** — Widening the 460-kilometre portion of Highway 97 from Cache Creek to Prince George will increase safety and decrease travelling times while providing northern communities with a first-class trade corridor that meets the needs of a rapidly expanding economy. Phase 1 of this five-year program was initiated in 2005/06, with about $9 million invested.
- **Highway Rehabilitation** — Invested $151 million in 2005/06 in road and bridge surfacing, bridge rehabilitation, seismic retrofits and highway safety improvements.
- **Heartlands Roads** — Making Heartlands roads safer and more reliable, and improving connections between communities. The ministry invested $81 million in 2005/06 to renew the northern and rural road network.
- **Okanagan Corridor Improvements** — In addition to replacing the Okanagan Lake Bridge with the new William R. Bennett Bridge, trade and tourism will be supported by investing approximately $20 million a year on projects that will reduce congestion in rural and urban areas by four-laning Highway 97 between Summerland and Peachland, upgrading highways 97 and 33 within Kelowna, four-laning Highway 97A north of Vernon to Armstrong and upgrading key intersections with the Trans-Canada Highway.

  Investments of $11.9 million in 2005/06 saw, among other projects, the completion of Okanagan Lake Park to Greta Ranch, Swan Lake to Larkin, Highway 97 Lyness Passing Lane, and the Ponderosa Intersection.
- **Transportation Partnerships Program** — Approximately half a million dollars was invested in 2005/06. The program is helping to develop the closest port in the Americas to the rapidly growing Asia-Pacific market by supporting a container handling facility at the Port of Prince Rupert. Modernization and expansion of airports across British Columbia to boost tourism and create new jobs and economic development opportunities are also being supported. Along with contributions from partners, the ministry continues to reserve $10 million a year that will bring benefits for regional economies. A portion of this program funding is directed to cost-sharing on the development of bicycle networks to make cycling a safe and attractive option for commuters.
- **Weigh Scales Upgrade Program** — Over the final year of this three year program, an estimated $5 million will be invested to reduce wait times and improve accessibility and safety. These changes will reduce trucking industry costs and allow the faster transportation of goods. The ministry is also saving money by partnering with the Province of Alberta on joint use facilities. One such Joint Use Vehicle Inspection Station is currently under construction on the Trans-Canada Highway west of Golden and is scheduled for completion this summer.
- **Heartlands Oil and Gas Road Rehabilitation Strategy** — Roughly $38 million was invested in 2005/06 in rehabilitating the existing public road infrastructure in the Northeast region of the province to help eliminate seasonal road restrictions and extend the winter drilling season for oil and gas exploration, thereby attracting new investment and creating jobs. This rehabilitation is being done in partnership with the Ministry of Energy, Mines and Petroleum Resources.

- **Richmond-Airport-Vancouver Rapid Transit Project (RAV)** — The RAV project (Canada Line) is a jointly-funded (British Columbia Government, Vancouver International Airport, Federal Government and the Greater Vancouver Transportation Authority (GVTA)) rail-based rapid transit line that will link central Richmond, the Vancouver International Airport and Vancouver's downtown business district. The project is deliverable by the GVTA through its subsidiary RAVCO. The Province is committed to making $435 million in contributions; $65 million was invested in the project in 2005/06.