



**BRITISH
COLUMBIA**

The Best Place on Earth

SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF FINANCE
(AS REPRESENTATIVE OF THE SHAREHOLDER,
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE PARTNERSHIPS BRITISH COLUMBIA
(AS REPRESENTATIVE OF THE CORPORATION)**

PURPOSE

This Shareholder's Letter of Expectations between the Shareholder and the Corporation is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the Shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues and strategic priorities¹. It will be reviewed annually and updated as required. The Shareholder's Letter of Expectations is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports. The Letter applies to the Shareholder and the Corporation. This Letter does not create any legal or binding obligations on the part of the Shareholder or the Corporation but rather is intended to define and promote a positive and co-operative working relationship.

¹ The Province of British Columbia's Crown Agency Accountability System (CAAS) ([http://www.gov.bc.ca/cas/down/shareholder's_expectations_manual_\(version%208\)_june_2_06.pdf](http://www.gov.bc.ca/cas/down/shareholder's_expectations_manual_(version%208)_june_2_06.pdf)) establishes guiding principles for the governance of Crown corporations. The CAAS also identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to Partnerships British Columbia:

- structure and implement public private partnership solutions which serve the public interest;
- encourage the development of the public private partnership market in British Columbia; and
- remain commercially viable and increase productivity; and
- encourage the utilization of best practices in the procurement of public private partnerships projects where Partnerships British Columbia provides a review and oversight role.

In responding to government's performance expectations and the general and specific frameworks and direction of the Shareholder, the Corporation will:

- conduct its affairs to achieve its mandate and the performance expectations and objectives of the Shareholder, including establishing and implementing corporate strategies, policies, programs, plans and financial outcomes that are consistent with the Shareholder's general direction and consistent with principles of efficiency, effectiveness, and customer service;
- prepare Service Plans with clearly articulated goals, objectives, strategies and performance measures and targets, and Annual Reports that detail progress toward achieving those goals, and post both documents on its website;
- display all annual Statement of Financial Information schedules prepared under the *Financial Information Act* in an easily accessible location on its website (some of this information is included in annual reports and does not need to be otherwise displayed);
- conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- develop and implement strategies to manage risks identified in the Service Plan;
- provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities; and
- inform the Shareholder immediately if the Corporation is unable to meet the targets identified in its Service Plan.

In addition, the Shareholder directs the Corporation to take the following specific actions:

- assist the Province of British Columbia in meeting its infrastructure needs by providing innovation, leadership and expertise in public procurement;
- support the Province in tackling the challenges of global warming and meeting its goal to lead the world in sustainable environment management by working together

with provincial agencies and private sector partners to promote environmentally sensitive infrastructure development;

- pursue public private partnership arrangements and alternative procurement arrangements on behalf of public sector clients that advance the public interest and where it can be demonstrated that such procurement arrangements will:
 - meet specific public policy objectives;
 - improve services;
 - achieve environmental quality, energy efficiency, and sustainability objectives; and
 - achieve value for money;
- provide expert services to the provincial government and its agencies in the procurement of public private partnership projects - services ranging from advice to business transaction and procurement management, to overall project management of public private partnership projects;
- assist the Province in the application of the new Capital Standard announced in October of 2006 that requires public private partnerships to be the “base case” where the Province will be contributing more than \$20 million to the capital cost of a project;
- continue to improve the efficiency and quality of delivery of public private partnership transactions;
- continue to demonstrate transparent and competitive processes;
- grow the public private partnership market in British Columbia, building a centre of expertise and excellence that will be recognized for innovation and performance; and
- remain commercially viable on an ongoing basis and increase productivity by ensuring that revenues meet or exceed expenses (as defined in additional detail in the 2007/2008 to 2009/2010 Service Plan).
- provide policy advice to the Shareholder on alternative procurement, public private partnerships and capital asset management when required.

SHAREHOLDER'S RESPONSIBILITIES

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- establish, review, revise and communicate Crown corporations' mandates;
- establish the overall and Crown-specific financial frameworks under which Crown corporations operate (borrowing, investment, and payment to the Shareholder);
- issue performance management guidelines, including guidelines for service planning and annual reports (<http://www.gov.bc.ca/cas/rpts/>);

- provide strategic input and advice to Crown corporations in the development of their Service Plans and Annual Reports;
- provide broad policy direction and confirmation of general frameworks/principles to Crown corporations, within which the Crown corporations may establish and apply specific policies/processes;
- advise Crown corporations of government's priorities, strategic decisions and public policy and performance objectives and expectations that may have an impact on the Crown corporations; and
- issue directives or orders or sponsor submissions on behalf of Crown corporations that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate Crown corporations fulfilling their mandates and achieving the performance targets outlined in Crown corporations' Service Plans.

The Shareholder has developed policies for ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Board remuneration policies for Crown agencies. The shareholder has also issued Best Practice Guidelines for board governance and disclosure (<http://www.fin.gov.bc.ca/oop/brdo/corporateguidelines.pdf>). During the term of this Letter, the Shareholder may provide policy direction to the Crown agency sector, and will communicate any such direction, including implementation expectations, to Crown corporations as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives and targets identified in Crown corporations' Service Plans.

Specific to the Corporation, the Shareholder:

- established the Corporation in May 2002 as an agent of the Shareholder, and has continued the Corporation under the *Business Corporations Act*;
- provided a retainer for services (Public Private Partnerships Agreement or "Government Services Contract") to engage the Corporation's services on behalf of the provincial government; and,
- made services available to the Corporation under the government's fiscal agency program.

Specific to the corporation the shareholder will:

- ensure that the appropriate consultation and notification occurs on significant policy and legislative issues that may impact the Corporation or public private partnership transactions;
- support the Corporation and its selected projects where it can be shown that these projects will achieve value for money; and,

- continue to direct and encourage public sector agencies to consider alternative procurement consistent with government policies (e.g. Capital Asset Management Framework).

AREAS OF SHARED ACCOUNTABILITY:

Communications

It is agreed by both the Shareholder and the Corporation that, to ensure effective and efficient day-to-day communications and relationship building, officials representing both parties will be tasked with implementing the contents of this Letter and keeping the Minister Responsible and the Board of Directors informed of progress in a timely fashion.

Reporting

The Shareholder and the Corporation are committed to enhanced transparency and accountability to the public. The Shareholder has put in place a public reporting structure set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*. The Shareholder has provided the Corporation with a reporting calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/cas>). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

It is agreed by both the Shareholder and the Corporation that there will be advance discussion and review of key strategic documents such as Service Plans, Quarterly Financial Reports and Annual Reports. These discussions will be completed sufficiently in advance of deadlines to ensure effective and timely input by the Shareholder.

In addition to these financial and performance reporting requirements, the Corporation agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts.


The Shareholder and the Corporation agree that, as a matter of course, each will advise the other in a timely manner of any issues that may materially impact the business of the Corporation or the interests of the Shareholder.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder Letter of Expectations on its website. Crown Agencies Secretariat will also post a signed copy of the Letter on its website.

Review and Revision of this Letter

The Minister of Finance is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Secretariat is responsible for co-ordinating the overall process for preparing Shareholder's Letters of Expectation, and may assist the Minister in undertaking reviews of this Letter and monitoring its implementation. If deemed

necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this letter.



Honourable Carole Taylor
Minister of Finance

5/1/07

Date



Rick Mahler, Chair of the Board
Partnerships British Columbia

April 25, 2007

Date

cc. Honourable Gordon Campbell
Premier

Jessica McDonald
Deputy Minister to the Premier and Cabinet Secretary

Dana Hayden
Deputy Minister, Strategic Policy

Tamara Vrooman
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Molly Harrington
Assistant Deputy Minister and
Chief Executive Officer
Crown Agencies Secretariat

Larry Blain
Chief Executive Officer
Partnerships British Columbia