



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF SMALL BUSINESS AND REVENUE
(AS REPRESENTATIVE OF THE SHAREHOLDER,
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF BRITISH COLUMBIA ASSESSMENT
(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/crown_agencies_reader.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 the British Columbia Assessment (BCA):

- establish and maintain property assessments that are uniform in the whole of British Columbia in accordance with the *Assessment Act*;
- provide support and input for government's comprehensive review of the property assessment system; and
- support the government's five Great Goals for a Golden Decade as set out in the February 2006 Speech from the Throne (<http://www.legis.gov.bc.ca/38th2nd/4-8-38-2.htm>) and government's Strategic Plan (<http://www.bcbudget.gov.bc.ca/2006/stplan/>).

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;
- meet the requirements established in the Corporation's 2006 – 2008 Service Plan and 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;
- provide information to the Shareholder if the Corporation is unable to meet the targets identified in its Service Plan; and
- take appropriate action to ensure that if Shareholder-directed transactions affect the Service Plan or financial targets of the Corporation, the Shareholder is informed of any impacts.

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

- A. ***Work closely with the Ministry of Small Business and Revenue (Ministry) to assist and facilitate the comprehensive review of the property assessment system (Appendix A contains the review's Terms of Reference).***

GOVERNANCE

- **Assist the Ministry in defining the roles and responsibilities of those involved in the assessment process (BCA Board of Directors, Assessment Commissioner, BCA CEO, Minister and Ministry)**
- **Work with the Ministry to ensure the Corporation's governance is aligned with government's *Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* and is consistent with the Crown Agencies Accountability Framework.**
 - Timeline: Spring 2007

SERVICE QUALITY

- **Enhance the customer service focus of the property assessment and appeal system, focusing on streamlining and simplifying processes for taxpayers. Specifically, the Corporation will:**
 - Focus on taxpayer fairness and equity, and ensure timely and meaningful customer service.
 - Timeline: Ongoing
 - Report out to the Shareholder on the customer service outcomes of implementing valueBC.
 - Timeline: October 2006
 - Support and provide input for the review of the appeal/complaint process with a focus on the informal process utilized at BCA (i.e. the formal and informal guidelines in place to be followed at initial contact with complainant).
 - Timeline: Ongoing

ASSESSMENT METHODOLOGY

- **Review the methodology used to determine the assessed value and classification of properties and determine if there are other, more appropriate options. Specifically, the Corporation will:**
 - Enhance its working relationship and undertake timely, meaningful consultation with stakeholder groups who have properties affected by annual update factors and rates prescribed by the Assessment Commissioner (e.g. developing a stakeholder consultation process for the annual updates to the Major Industrial Properties Manuals' valuation adjustment factors).
 - Timeline: Spring 2007

ASSESSMENT POLICY

- **Will work with the Ministry and other ministries as required to determine the impact of the application of assessment methodology to specific types of property (e.g. port land, Short-Term Overnight Commercial Accommodation Property, commercial strata and ski hills). Specifically, BCA will:**
 - Identify and analyze policy, legislative and regulatory changes for Ministry consideration to improve the overall assessment system. The Ministry will have lead responsibility for assessment policy and ensuring alignment with the Shareholder's strategic direction. BCA will be accountable for implementing policy directives and statutory requirements.
 - Timeline: Ongoing
 - Assist the Ministry in identifying opportunities for greater, more timely and meaningful, stakeholder involvement in the development of assessment policy, legislation and regulatory amendments.
 - Timeline: Spring 2007

- B. *To address customer service and performance measurement initiatives not considered as part of the assessment system review:***
 - Build a customer-service orientation within the Corporation by developing and implementing a customer service code consistent with the Ministry's Taxpayer Fairness and Service Code.
 - Timeline: September 2006
 - Report out to the Shareholder on the progress and improvements provided by the performance measurement system BCA implemented to benchmark the Corporation's operations against those of other North American assessment jurisdictions. These measurements should include benchmarks that measure service quality to taxpayers.
 - Timeline: September 2006
 - Expand on existing efforts to educate and inform the public about the assessment process and its relation to taxation.
 - Timeline: Ongoing
 - Implement the Issue Alert & Media Inquiry system to act as an early warning for assessment issues, and ensure that it provides a proactive, flexible approach to take action and address issues in a timely manner.
 - Timeline: May 2006
 - Report out to the Shareholder on the progress of implementing the strategies identified in the 2006-2008 Service Plan.

- Timeline: Ongoing
- Report out to the Shareholder on the client response turnaround standards.
 - Timeline: Ongoing

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 impact 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 to be implemented by April 2006 (<http://www.fin.gov.bc.ca/ooop/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:

- approves the Corporation's mandate as an agent of the Shareholder;
- appoints the Assessment Commissioner;

- confirms the role of the Minister of Finance as fiscal agent to the Corporation;
- will review any assessment policy recommendations from the Corporation and will sponsor any related legislative and regulatory proposals;
- will consult with the Corporation on any policy changes that may impact on the Corporation;
- will lead a comprehensive review of the property assessment system and the Corporation;
- will review the recommendations of the Corporation concerning customer service outcomes, performance benchmarking and stakeholder consultation; and
- will require a taxpayer fairness and service quality orientation within the Corporation.

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.

Specifically, the Corporation will ensure that the Ministry is kept informed about assessment issues as they are identified and will provide ongoing briefings on emerging issues as the annual assessment role is developed.

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, Annual Reports, and Budget Submissions. These discussions will be completed sufficiently in advance of deadlines to ensure effective and timely input by the Shareholder.

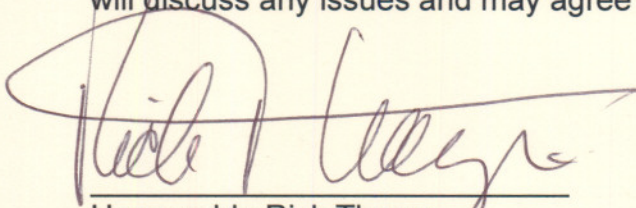
In addition to these financial and performance reporting requirements, the Corporation agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts.

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.

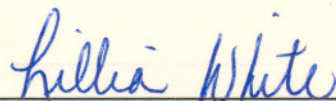
It is agreed that the Corporation will post the most recent signed copy of the Shareholder Letter of Expectations on its website. Crown Agencies Secretariat will also post a signed copy of the Letter on its website.

Review and Revision of this Letter

The Minister of Small Business and Revenue 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 Expectations, 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 Rick Thorpe
Minister of Small Business and Revenue

July 26/06.
Date


Lillian White
Chair of the Board

August 8/06
Date

cc. Honourable Gordon Campbell
Premier

Jessica McDonald
Deputy Minister to the Premier and Cabinet Secretary

Dana Hayden
Deputy Minister, Strategic Policy, Office of the Premier

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

Molly Harrington
A/Chief Executive Officer, Crown Agencies Secretariat

Robin Ciceri
Deputy Minister, Ministry of Small Business and Revenue

Doug Rundell
Chief Executive Officer, BC Assessment

APPENDIX A

A REVIEW OF THE ASSESSMENT ACT AND THE ASSESSMENT AUTHORITY ACT TERMS OF REFERENCE

PURPOSE

Review British Columbia's property assessment system to ensure the system is transparent, flexible, fair and equitable to the taxpayer, as well as competitive, affordable and supports future economic growth.

BACKGROUND

The British Columbia Assessment Authority (BCA) is a provincial Crown corporation established in 1974 with the mandate to produce and maintain assessments that are fair, equitable and uniform throughout British Columbia. The Board of Directors provides policy direction and performance review, while valuation and operational matters are the responsibility of BCA's Chief Executive Officer and Assessment Commissioner.

The responsibilities for BCA are set out in two acts: the *Assessment Authority Act* and the *Assessment Act*. The *Assessment Authority Act* establishes BCA as a corporation and provides for the appointment of a Board of Directors, Assessment Commissioner, and the funding of BCA by an annual property tax levy. The *Assessment Act* establishes the rules under which annual assessment rolls must be created and sets out the assessment appeal process. The Minister of Small Business and Revenue has responsibility for the administration of these Acts.

Over the last several years, a range of issues have been raised related to British Columbia's system of property assessment and its implications for property taxation.

Some of these issues:

- are new, while others have been examined for a number of years but have proven difficult to resolve;
- pertain to property valuation and classification policies and to the way those policies are applied; and
- relate to the way the assessment system responds to the concerns of property owners.

These concerns have showed the limitations of the current property assessment system to respond to new and existing policy issues, indicating a need for a comprehensive review.

FOCUS / OBJECTIVES

The review will consider four key elements of the current assessment system from a customer service and taxpayer perspective:

- **governance** – clarify the roles and responsibilities of those involved in assessment process (BCA Board of Directors, Assessment Commissioner, CEO, Minister, and Ministry);
- **service quality to citizens** – enhance the customer service focus of the property assessment and appeal system focusing on transparency, streamlining and simplifying processes for taxpayers;
- **assessment methodology** – review the approach taken to determine the assessed value and classification of property and determine if there are other, more appropriate options; and
- **assessment policy** – determine the impact of the application of this methodology to specific types of property (e.g., Port Land and Ski Hills).

APPROACH

This review will be conducted over two phases, with the scope of the review being limited to these four key elements.

PHASE ONE: AN INTERNAL INTER-MINISTERIAL REVIEW LEADING TO THE IDENTIFICATION OF KEY ISSUES AND OPTIONS

This phase will produce a report identifying key issues and options for consideration for updating the property assessment system. This will be accomplished by:

- reviewing a broad range of fundamental questions concerning governance, service quality to citizens, assessment methodology, and assessment policy; and
- informally consulting a limited number of internal and external stakeholders.

PHASE TWO: EXTERNAL CONSULTATION ON THE PROPOSED ISSUES AND OPTIONS

Based on which of the key issues and options are approved for further review, Phase Two will develop a set of comprehensive recommendations/options for updating the property assessment system. These recommendations will be developed through:

- the preparation of an issues and options paper; and
- a formal consultation process with external stakeholders (e.g., Union of British Columbia Municipalities – a formal list of stakeholders and dates will be published on the Ministry's website at a later date).

APPROVAL PROCESS AND MANAGEMENT OF THE REVIEW PROCESS

The review process will be overseen by a committee of Deputy Ministers from the Ministries of Small Business and Revenue, Finance, and Community Services, who will report to their respective Ministers, and will include a representative of the Board of BCA. This committee will review and provide recommendations on the key issues and options identified in Phase One, and the set of recommendations from Phase Two.

The set of recommendations, including any legislative changes, will then be forwarded for approval through the appropriate government decision making process (e.g., Cabinet approval, Treasury Board approval, Government Caucus Committees, etc.).

A comprehensive project management framework will be put in place to ensure deliverables are completed on-time and roles, responsibilities, and accountabilities are clearly identified. The Ministry of Small Business and Revenue will be responsible for overall project management of the review, working closely with senior officials from BCA and from the Ministries of Finance and Community Services.

TIMELINES

Any proposed legislative changes will be introduced in spring 2007, with the changes implemented in time for the 2008 assessment roll. However, the review of specific priority issues will be completed in time for the 2007 assessment roll (2007 assessments must be finalized by December 31, 2006).