



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

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

AND

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

PURPOSE

This Shareholder's Letter of Expectations between the Shareholder and Partnerships British Columbia ("the Corporation") is an agreement of 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 priorities.¹ It will be reviewed annually and updated as required. The Shareholder's Letter of Expectations should inform the development of the Corporation's Service Plans and Annual Service Plan Reports. The Letter applies to the Shareholder, the Corporation and its subsidiaries. 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 *Governance Framework for Crown Corporations* (<http://www.gov.bc.ca/cas/>) establishes guiding principles for the governance of Crown corporations. The Governance Framework 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.

This Letter will be effective upon the date of signing, and will cover the period up to, and including, March 31, 2006.

The Parties hereby specifically agree that:

CORPORATION ACCOUNTABILITIES

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, consumer choice 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;
- 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 mitigate risks identified in the Service Plan, particularly the commercial viability of the Corporation;
- 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
- generate a market return on invested capital.

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

- advance and pursue alternative procurement arrangements for public sector client agencies where it can be demonstrated that such procurement arrangements will improve services and achieve value for money;
- improve customer services to the Shareholder and other public sector client agencies, maximizing private sector investment and minimizing costs to taxpayers
- assist public sector client agencies in identifying and managing public private partnership opportunities;
- improve the efficiency and quality of delivery of public private partnership transactions;
- achieve commercial viability by March 31, 2006, with the ability to maintain the Corporation's viability on an ongoing basis. Commercial viability requires that revenues, excluding provincial contributions, meet or exceed expenses as defined in additional detail in the 2004/05 – 2006/07 Service Plan.

- build a centre of expertise and excellence that will be internationally recognized for innovation and performance that other jurisdictions would look to replicate;
- ensure the public interest is served;
- demonstrate transparent and competitive processes;
- provide policy advice to the Shareholder on alternative procurement, public private partnerships and capital asset management when required; and
- create a marketplace and environment conducive to the growth of the public private partnership sector.

SHAREHOLDER 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;
- advise Crown corporations of government's priorities, strategic decisions and public policy and performance objectives and expectations that may impact the Crown corporation; 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.

During the term of this letter, the Shareholder anticipates providing policy direction in a number of areas that will affect all Crown corporations, including:

- Capital Asset Management Framework;
- CEO and executive compensation;
- enterprise risk management;
- zoning and land use;
- property taxation;
- First Nations policy and treaty mandates;
- climate change;
- donations; and
- environmental remediation.

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

Specific to the Corporation, the Shareholder has:

- established the Corporation as an agent of the Shareholder under the *Company Act* in May 2002;
- provided a Retainer of Services agreement (Public Private Partnerships Agreement) to engage the Corporation's services on behalf of the provincial government;
- appointed a Board of Directors to guide the Corporation and protect the interests of the Shareholder; 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 these projects will achieve value for money;
- facilitate, in a timely manner, the appropriate legislative and regulatory changes to enable the Corporation to carry out and complete selected public private partnership projects;
- facilitate, in a timely manner, the appropriate legislative and regulatory changes to enable the Corporation to achieve its goals and objectives with regard to evolving a provincial business climate for public private partnerships through demonstrated value-for-money;
- issue directives as required to encourage and assist the work of the Corporation;
- continue to direct and encourage public sector agencies to consider alternative procurement consistent with government policies (e.g. Capital Asset Management Framework);
- seek the assistance of the Corporation in the development of policy relevant to procurement.

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, that 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.

Reporting:

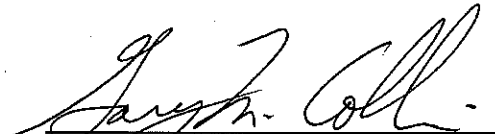
The Shareholder and the Corporation are committed to enhanced transparency and accountability to the public. While both parties note that reporting to the Shareholder and the public continues to evolve, the Shareholder has put in place a public reporting structure set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*. The Shareholder has established a financial reporting calendar and details of performance reporting requirements (<http://www.gov.bc.ca/cas>). The Corporation agrees that it will meet the requirements of this legislative structure. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

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.

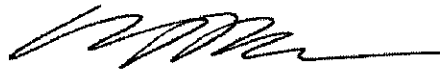
The Shareholder and the Corporation agree, that as a matter of course, each will advise in a timely manner of any issues that may materially impact the business of the Corporation or the interests of the Shareholder.

Review and Revision of this Letter:

In addition to co-coordinating the overall process for preparing this Letter on behalf of the Shareholder, the Crown Agencies Secretariat is accountable for undertaking reviews of this Letter and monitoring its implementation. It is noted that this Letter can, if necessary, be modified in advance of the annual review if deemed necessary by one or both parties.



Honourable Gary Collins
Minister of Finance



Rick Mahler, Chair of the Board
Partnerships British Columbia

cc. Honourable Gordon Campbell
Premier

Ken Dobell
Deputy Minister and Cabinet Secretary

Dana Hayden
Deputy Minister and Chief Executive Officer

Larry Blain
President and Chief Executive Officer
Partnerships British Columbia