



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

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

AND

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

PURPOSE

This Shareholder's Letter of Expectations between the Shareholder and 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 priorities¹. 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 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 *Governance Framework for Crown Corporations* (http://www.gov.bc.ca/cas/down/govframe_redraft.pdf) 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

Government has provided the following direction to British Columbia Buildings Corporation:

The Corporation is to serve as an agency of the government to provide land and buildings for accommodation of ministries of government, public bodies and agents, corporate or otherwise, of the government by lease or licence or any other arrangement for the use and occupation of the accommodation.

The Corporation will:

- provide cost effective real estate and accommodation services to the public sector;
- contribute to its customers' success by having a thorough understanding of its customers' real estate needs and identifying related best value accommodation solutions; and
- provide innovative stewardship of real property infrastructure.

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 articulate progress toward achieving those goals and post both documents on its website;
- include 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;
- 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 recognizes these changes.

The Corporation has made significant progress in fulfilling Core Services Review direction over the past two years. The Shareholder directs the Corporation to take the following actions:

- continue to strengthen its shared services model:
 - improve customer satisfaction;
 - increase customer choice and pricing options through innovative and cost-effective accommodation solutions; and
 - improve service delivery by decreasing costs and increasing the effectiveness and efficiency of internal processes that support its new organizational model and meet customer needs.
- meet key performance indicators for outsourced property management services;
- as directed by the Shareholder, the Corporation will propose options to government to phase out of providing services to municipal and federal customers;
- for services to other non-mandated customers in the broader public sector (i.e. health, education, and Crown corporations), the Corporation will continue its practice of not competing with the private sector by not responding to Requests for Proposal (RFPs) and by not offering services known to be available through the private sector;
- continue to dispose of assets strategically, and assist with the disposal of governments' surplus properties where requested;
- provide real estate and accommodation infrastructure advisory services to government customers, including public health and education sectors through agreements, memoranda of understanding or other appropriate contractual arrangements; and
- work with government to complete, by the end of 2004/05, an evaluation of the Corporation's strengthened shared services model and governance structure.

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.

The Shareholder has recently developed policies for ministries and Crown corporations for the Capital Asset Management Framework (<http://www.fin.gov.bc.ca/tbs/camf.htm>), First Nations accommodation, and Board remuneration policies for Crown agencies. As well, during the term of this Letter, the Shareholder also anticipates providing policy direction in a number of areas that will affect Crown corporations, including:

- CEO and executive compensation;
- risk management;
- zoning and land use;
- property taxation;
- 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 Crown corporations' Service Plans.

Specific to the Corporation, the Shareholder:

- approved the Corporation's mandate as an agent of the Shareholder, under the *British Columbia Buildings Corporation Act*, and amended under Section 2 of the *Miscellaneous Statutes Amendment Act (No.2) 1997*, in providing land and buildings for accommodation of ministries of government, public bodies and agents, corporate or otherwise, of the government by lease or license or any other arrangement for the use and occupation of the accommodation;
- confirmed, in the Core Policy Manual of the Province, the role of BCBC as the shared services provider of real estate and accommodation services;
- confirmed the market-based Government Accommodation Pricing Policy to be applied by BCBC;
- confirmed the role of the Minister of Finance as fiscal agent to the Corporation;
- preserved its right to provide broad policy direction and confirmation of general frameworks/principles, within which the Corporation may establish and apply specific policies/processes, in the following areas:
 - government accommodation and pricing policies;
 - real property/asset ownership policy and principles; and
 - development of space and technical standards (accountability resides with Treasury Board as custodian of the standards; accountability for selection of space and adherence to standards resides with individual Ministries).
- will provide timely communication and financial consideration of Shareholder directed transactions and requests.

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 will provide the Corporation with a financial reporting calendar and details of 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 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 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-ordinating 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 if deemed necessary by one or both parties.



Honourable Joyce Murray
Minister of Management Services



Lucie Gosselin, Chair of the Board
BC Buildings Corporation

December 10, 2004
Date

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Date

- cc. Honourable Gordon Campbell
Premier
- Brenda Eaton
Deputy Minister to the Premier
Corporate Planning and Restructuring
Office of the Premier
- Dana Hayden
Deputy Minister and CEO
Crown Agencies Secretariat
- John Beales
President and CEO
BC Buildings Corporation