



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF TOURISM, SPORT AND THE ARTS
(AS REPRESENTATIVE OF THE SHAREHOLDER,
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE ROYAL BRITISH COLUMBIA MUSEUM
CORPORATION
(AS REPRESENTATIVE OF THE ROYAL BRITISH COLUMBIA MUSEUM
CORPORATION)**

PURPOSE

This Shareholder's Letter of Expectations between the Shareholder and the Royal British Columbia Museum Corporation (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. This Shareholder's Letter of Expectations is the basis for the development of the Corporation's Service Plan for the fiscal period 2007/08 – 2009/10 and Annual Service Plan Report. 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

The Corporation's mandate, as an agent of the Shareholder and defined by the *Museum Act*, is to fulfill the Shareholder's fiduciary responsibilities for public trusteeship of the Provincial collections and exhibits, including specimens, artifacts, archival records and other materials that illustrate the natural and human history of British Columbia. The Corporation is also directed to, in the most cost-effective manner to ensure maximum benefit to the taxpayer:

- undertake programs and activities that are progressively more financially self-sustaining;
- increase opportunities for private and corporate donations, fundraising and private sector involvement;
- diversify RBCM, building British Columbia community support and involvement, and repeat visitation; and
- create programs in communities across the province that drives economic activity and support, both for the Corporation and communities.

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;
- 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:

- develop a business plan in support of the Master Plan for approval by the Shareholder by August 31, 2006 that includes:
 - a long-term financial plan for:
 - raising the funds required to implement the Master Plan strategies;
 - ensuring financial sustainability; and
 - addressing anticipated future expenditures for maintaining and mitigating risks related to the collection;
 - an operating plan that includes:
 - an endowment program where collection development and care can be supported in perpetuity; and
 - development of exhibits, programs and services that complement “blockbuster” exhibits and build new revenue sources on a sustainable basis;
 - the organizational structure and capacity to accomplish business goals; and
 - a capital plan, marketing plan and design and development plan;
- develop a plan, for the Minister of Tourism, Sport and the Arts’ review and approval, that will form part of the Shareholder’s overall plan for BC2008, to leverage the tourism opportunities presented by celebrating and commemorating the 150th anniversary of the founding of British Columbia as a crown colony;
- develop an implementation strategy, in support of the Shareholder’s plan, that ensures the successful opening of a Women’s History Museum and legacy exhibit during 2008;
- ensure annual expenditures do not exceed annual revenue; and
- adopt an accountability statement that confirms the Board of Directors is accountable for the contents of the service plan, including the selection of performance measures and targets.

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 and defined by the *Museum Act*, in fulfilling the Shareholder's fiduciary responsibilities for public trusteeship of the Provincial collections and exhibits;
- continues the Corporation as an agent of the Crown with the same rights and benefits as the Province;
- confirms the role of the Minister of Finance as fiscal agent to the Corporation, providing the Corporation with access to government financing and banking services;
- will review and approve the Corporation's business plan developed in support of the Master Plan;
- through the Minister of Tourism, Sport and the Arts, will review and approve the Corporation's plan for commemorating and celebrating the 150th anniversary of the founding of British Columbia as a crown colony, as part of the Shareholder's overall plan for BC2008;
- will develop a plan for the Women's History Museum and legacy exhibit;
- will provide an operating contribution of at least \$12.1 million until March 31, 2009 subject to appropriation;
- will provide for the collections in perpetuity subject to appropriation;
- will transfer land and buildings to the Corporation to support its successful implementation of the Master Plan and generation of private sector revenue.

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

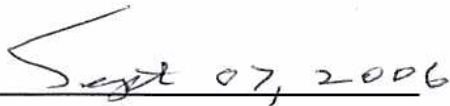
In addition to co-ordinating the overall process for preparing this Letter on behalf of the Shareholder, the Crown Agencies Secretariat is accountable for undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this letter.



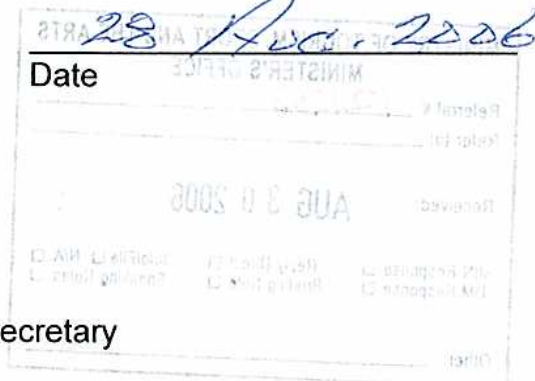
Honourable Stan Hagen
Minister of Tourism, Sport and the Arts



John Walton
Chair of the Board
Royal British Columbia Museum
Corporation



Date



cc. Honourable Gordon Campbell
Premier

Jessica McDonald
Deputy Minister to the Premier and Cabinet Secretary

Dana Hayden
Deputy Minister, Strategic Policy, Natural Resources and the Economy

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

Molly Harrington
Chief Executive Officer
Crown Agencies Secretariat

Bruce Okabe
Deputy Minister
Ministry of Tourism, Sport and the Arts

Pauline Rafferty
Chief Executive Officer
Royal British Columbia Museum Corporation