



## **GOVERNMENT'S LETTER OF EXPECTATIONS**

**BETWEEN**

**THE MINISTER OF JOBS, TOURISM AND INNOVATION  
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)**

**AND**

**THE CHAIR OF THE COLUMBIA BASIN TRUST  
(AS REPRESENTATIVE OF THE CORPORATION)**

**FOR 2012/13**

### **PURPOSE**

This Letter of Expectations (the Letter) provides Government's annual direction to the Crown corporation and is an agreement on the parties' respective accountabilities, roles, and responsibilities. The Letter confirms the Corporation's mandate and priority actions, articulates the key performance expectations as documented in the Shareholder's Expectations Manual for British Columbia Crown Agencies<sup>1</sup>, and forms the basis for the development of the Corporation's Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

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<sup>1</sup> The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The Shareholder's Expectations Manual identifies roles and responsibilities for the Government and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

## INTRODUCTION

- A. Columbia Basin Trust (Corporation) was formed as a regional entity through an extensive community engagement process driven by Columbia Basin residents' desire to create a mechanism to address ongoing impacts arising from the construction and operation of the Columbia River Treaty dams.
- B. Columbia Basin residents shaped the creation of the Corporation, including through the development of an initial draft of the Columbia Basin Trust Act and by requesting that the Province pass the Act in order to establish a legislatively protected entity on behalf of the people of the region.
- C. In creating the Corporation as a statutory corporation, the Province recognized that:
  - The desires of the people of the Columbia Basin were not adequately considered in the original negotiations of the Columbia River Treaty,
  - The people of the Columbia Basin must be included in decisions that affect their lives and determine their future, and
  - It must work with the people of the Columbia Basin to ensure that the benefits derived from the Columbia River Treaty help to create a prosperous economy with a healthy, renewed natural environment.
- D. A mutually beneficial relationship is in the collective best interests of the Province, the Corporation and the people of the Columbia Basin, and regular and open dialogue with each other is valued by each of the Province and the Corporation.

## CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to the Columbia Basin Trust under the Act:

- continue, in accordance with the Act, to invest and otherwise manage the Corporation's assets to create an ongoing legacy of economic, environmental and social well-being for present and future generations; and,
- seek the guidance of, and remain accountable to the residents of the Columbia Basin through the implementation and further development of the Columbia Basin Management Plan.

In carrying out its mandate, the Government confirms that:

- the purpose of the Corporation is to manage resources for the ongoing economic, environmental and social benefit of the Columbia Basin region, for the well-being of the Columbia Basin residents to whom it is ultimately responsible;
- the Corporation has a unique mandate that is legislated in the Act and is reflected in the various agreements the Corporation has entered into;
- ongoing efforts of the Corporation support the desire of the Columbia Basin residents to sustain a legacy of social, environmental and economic well-being for present and future generations; and
- in fulfilling its role under the Act, the Corporation solicits the input of region residents before affecting any major amendments to the Columbia Basin Management Plan.

#### **SPECIFIC CORPORATION ACCOUNTABILITIES**

To achieve this mandate, the Corporation is directed to take the following specific actions:

- support the efforts of Basin residents and communities to strengthen the social, economic and environmental well-being in the region through Delivery of Benefits activities and effective stewardship of the Corporation's resources.
- manage its investments in a manner consistent with its Board-approved Statement of Investment Policies and Procedures such that the Corporation can fund current and future Delivery of Benefits activities and corporate operations.
- report on performance measures that demonstrate levels of success achieved during the reporting year. This includes ensuring directors nominated by regional districts and the tribal council pursuant to the Columbia Basin Trust Act report on the Corporation's activities to their respective nominating bodies.
- ensure that it does not purport to represent the Government in any statements or matters of an inter-provincial, federal-provincial or international nature; and,
- ensure that residents and stakeholders in the Columbia Basin have opportunities to consult, collaborate, engage and partner on projects that deliver economic, environmental and social benefits to residents and communities in the Columbia Basin.

#### **GENERAL CORPORATION ACCOUNTABILITIES**

Over the past decades, British Columbians have come to expect high quality products and services delivered by their Crown corporations. The Province is well served by our Crown corporations and it is up to the Boards and Senior Management teams of these organizations to manage in the best interests of the Province and our citizens.

As a Crown corporation, it is critical that the operations of the entity be done as efficiently as possible, in order to ensure families are provided with services at the lowest cost possible. In addition, it is expected that Crown corporations, to the greatest extent possible, participate in the Government's open data and public engagement opportunities.

British Columbians rightly expect openness and transparency from both their Government and Crown corporations and it is incumbent upon both parties to be as open and transparent as possible with citizens.

Government sets broad policy direction to ensure the Corporation's operation and performance is consistent with government's strategic priorities and Fiscal Plan, and as such, the Corporation will:

- Ensure that the Corporation's priorities reflect Government's goals of putting families first; creating jobs and building a strong economy; and open government and public engagement;
- Prior to commencing collective bargaining or initiating changes to non-union compensation on or after January 1, 2012, coordinate with Government to develop detailed plans for funding proposed compensation changes or other incentives under the Province's Cooperative Gains Mandate. Plans must be based on real savings and must not include proposals for:
  - increased funding from Government,
  - reductions in service, or
  - transferring the costs of existing services to the public,
  - but may include revenue generation opportunities.

Plans must be reviewed and approved by Government before any proposed changes to union or non-union compensation are made. Any changes to an approved plan also require approval by Government.

Commencing the effective date of any changes to the collective agreement and/or non-union compensation plans, the Corporation must report annually to Government on the implementation of a plan, including information on progress in meeting savings targets;

- Government is undertaking reviews of all Crown corporations. The Corporation is expected to participate in the review as requested, and to implement the results of the review;
- At this time of fiscal constraint, government has initiated a review of incentive pay and will be communicating with Boards in early 2012;
- Conduct its affairs with the principles of integrity, efficiency, effectiveness, and customer service;
- Display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location;

- Inform Government immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan;
- Comply with Government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- Ensure Government is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
- Ensure any debit/credit card payment services provided to the public are in compliance with the international Payment Card Industry Data Security Standards;
- For Corporations subject to the *Public Sector Employers Act*, ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- Annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration;
- Ensure that Board appointments to Crown corporation subsidiaries comply with Board Resourcing and Development Office's Best Practice Guidelines and are approved by Cabinet; and
- Comply with Government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with government.

## GOVERNMENT'S RESPONSIBILITIES

### SPECIFIC GOVERNMENT RESPONSIBILITIES

Specific to the Corporation, Government will:

- initiate discussions with the Corporation which may ultimately lead to a Memorandum of Understanding which provides guidance and greater clarity to each of the Province and the Corporation on their relationship. The Memorandum of Understanding would reflect the level of the Corporation's independence, autonomy and accountability to Columbia Basin residents as a regionally based entity and the Corporation's accountability to the Province of British Columbia as its shareholder;

- appoint ministry staff to liaise with, consult and serve as a point of contact for the Corporation to provide advice and information on a timely basis as requested by the Corporation;
- ensure consultation and notification with the Corporation as required, particularly regarding significant policy and legislative issues that may impact the Corporation;
- arrange for the appointment of nominees brought forward by the Corporation for one-third of the membership of the Board of Directors of Columbia Power Corporation.

## **GENERAL GOVERNMENT RESPONSIBILITIES**

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

- issue performance management guidelines, including annual guidelines for Service Plans and Annual Service Plan Reports (<http://www.gov.bc.ca/caro/publications/index.html>);
- review and provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports; and
- on a quarterly basis, meet with the Corporation to review the achievement of the goals, objectives, performance and financial targets and risk assessments identified in the Corporation's Service Plan, and provide direction to the Corporation as required.

Government has developed the following policies and resources to support the Ministries and Corporations with their regulatory and public policy requirements:

- Shareholder's Expectations Manual for British Columbia's Crown Agencies (<http://www.gov.bc.ca/caro/publications/index.html>);
- Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (<http://www.lcs.gov.bc.ca/brdo/governance/index.asp>);
- Remuneration Guidelines for Appointees to Crown Agency Boards (<http://www.aved.gov.bc.ca/psec/appointerenumeration.htm>)
- Capital Asset Management Framework (<http://www.fin.gov.bc.ca/tbs/camf.htm>)

## AREAS OF SHARED ACCOUNTABILITY

### REPORTING

Government and the Corporation are committed to transparency and accountability to the public and have reporting and disclosure requirements in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and/or the *Financial Information Act*.

Government provides an Information Requirements and Events Calendar (<http://www.gov.bc.ca/caro/publications/index.html>) to the ministries responsible and the Corporations that set out the dates the Crown corporations must submit their financial information, service plans, annual service plan reports, and other information to government in order to meet the statutory reporting dates and other government requirements.

The Government and the Corporation recognize the importance of consulting with residents of the Columbia Basin on Columbia River Treaty related issues, and will strive to work in a coordinated manner with respect to engaging residents on Columbia River Treaty issues.

The Province, its agencies, and the Corporation will explore and pursue opportunities to work together where their objectives are complementary.

The parties agree that each will advise the other in a timely manner of any issues that may materially affect the business of the Corporation and/or the interests of Government, including information on any risks to achieving financial forecasts and performance targets.

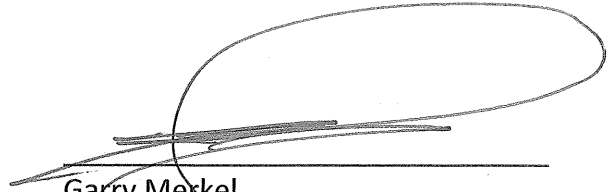
The Corporation will post the most recent signed copy of the Government's Letter of Expectations on its website and the Crown Agencies Resource Office will post a signed copy of the Letter on its website.

## REVIEW AND REVISION OF THIS LETTER

The Minister of Jobs, Tourism and Innovation is accountable for undertaking reviews of this Letter and monitoring its implementation. Government and the Corporation may agree to amend this Letter on a more frequent than annual basis.



Honourable Pat Bell  
Minister of Jobs, Tourism and Innovation



Garry Merkel  
Chair, Columbia Basin Trust



Date



Date

cc. Honourable Christy Clark  
Premier

John Dyble  
Deputy Minister to the Premier and Cabinet Secretary

Peter Milburn  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Dana Hayden  
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