British Columbia
The Best Place on Earth

SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF COMMUNITY DEVELOPMENT (AS REPRESENTATIVE OF THE SHAREHOLDER, THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF THE COLUMBIA BASIN TRUST (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 priorities[1]. 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 equally to the Shareholder and the Corporation. The 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/attachments/shareholder's_expectations_manual_2006.pdf) establishes guiding principles for the governance of Crown corporations. The CAAS 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 Columbia Basin Trust:

- continue, in accordance with the *Columbia Basin Trust 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 Shareholder confirms that:

- the purpose of Columbia Basin Trust 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 Columbia Basin Trust has a unique mandate which is legislated in the Columbia Basin Trust Act and is reflected in the various agreements the Columbia Basin Trust has entered into;
- ongoing efforts of the Columbia Basin Trust 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 Columbia Basin Trust Act, the Columbia Basin Trust solicits the input of region residents before affecting any major amendments to the Columbia Basin Management Plan.

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 with principles of integrity, efficiency, effectiveness, and customer service;
- conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- prepare Service Plans with clearly articulated goals, strategies, performance measures and targets, and Annual Reports that describe the Corporation's 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);
- develop and implement strategies to manage risks identified in the Service Plan;
- comply with the Shareholder's requirements to make the Public Sector carbon neutral by 2010, 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;

- encourage staff involvement in developing ideas and new solutions to meet government's climate change objectives, including energy conservation programs and fleet and traffic management initiatives, and report on results achieved;
- support the Shareholder's Healthier Choices Initiative, including ensuring that all non-contracted vending machines located in facilities owned or leased by the Corporation have food products which meet the Shareholder's Nutrition Guidelines for Vending Machines in Public Buildings, and that contracted vending machines be transitioned to the Nutrition Guidelines for Vending Machines in Public Buildings as soon as practicable upon expiry of their contracts;
- provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities; and
- provide information to the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

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

- ensure that the management of investments and delivery of benefits to Basin residents are efficient and effective;
- develop a framework for evaluating and measuring the benefits of the Corporation's social, economic and environmental activities;
- continue to work with joint venture partner Columbia Power Corporation to reduce duplication of management effort and costs associated with the development and operation of power projects;
- ensure that it does purport to represent the Shareholder in any statements or matters of an inter-provincial, federal-provincial or international nature; and
- directors nominated by regional districts and the tribal council pursuant to the *Columbia Basin Trust Act* will report on the Corporation's activities to their respective nominating bodies.

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 the Crown corporation's mandate;
- establish and communicate the general and Crown-specific financial frameworks under which the Crown corporation operate (borrowing, investment, and payment to the Shareholder);
- issue performance management guidelines, including guidelines for Service Plans and Annual Reports (http://www.gov.bc.ca/cas/publications/index.html);

- provide input and feedback to the Crown corporation in the development of its Service Plans and Annual Reports;
- provide broad policy direction and confirmation of general frameworks/principles to the Crown corporation, within which the Crown corporation may establish and apply specific policies/processes;
- advise the Crown corporation 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 the Crown corporation that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate the Crown corporation fulfilling its mandate and achieving the performance targets outlined in its 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 polices for Crown agencies (http://www.gov.bc.ca/cas/publications/index.html). The Shareholder has also issued Best Practice Guidelines for board governance and disclosure (http://www.lcs.gov.bc.ca/brdo/governance/index.asp). During the term of this Letter, the Shareholder may provide additional 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 performance and financial targets identified in Crown corporations' Service Plans.

Specific to the Corporation, the Shareholder:

- has continued the Corporation under the *Columbia Basin Trust Act;*
- will continue to retain in the fiscal plan the remaining funding commitments set out in the Financial Agreement between the Corporation and the Province dated July 27, 1995; and,
- will 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.

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 transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is 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/publications/index.html). 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 documents such as Service Plans, Quarterly Financial Reports and Annual Reports. These discussions will be completed sufficiently in advance of deadlines to ensure the opportunity for 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 and performance targets.

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's 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 Community Development 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 Expectation, 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 on a more frequent than annual basis.

Honourable Kevin Krueger
Minister of Community Development

Garry Merkel
Chair, Columbia Basin Trust

Date

Date

cc. Honourable Gordon Campbell
Premier

Jessica McDonald
Deputy Minister to the Premier and Cabinet Secretary

Chris Trumpy
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Chris Johnson
A/Assistant Deputy Minister and
Chief Executive Officer
Crown Agencies Secretariat

Dale Wall
Deputy Minister
Ministry of Community Development

Neil Muth
Chief Executive Officer
Columbia Basin Trust