



GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF TRANSPORTATION AND INFRASTRUCTURE
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF THE BRITISH COLUMBIA TRANSIT
(AS REPRESENTATIVE OF THE CORPORATION)

FOR 2014/ 15

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 Government's Expectations Manual for British

Columbia Crown Agencies¹, 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. It is intended to create an opportunity for dialogue between the parties and to support an open, positive and co-operative working relationship, resulting in the achievement of government's policy and performance expectations in a transparent and accountable manner.

CORPORATION ACCOUNTABILITIES - MANDATE

Government has provided the following mandate direction to British Columbia Transit (BCT) under the *British Columbia Transit Act*:

In support of customer needs, government priorities, and for the benefits of communities and taxpayers, BC Transit is directed to:

¹ 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 *Government's Expectations For British Columbia Crown Agencies* provides for a Government's Letter of Expectations (Letter) to be developed.

- Plan, acquire, construct or cause to be constructed, public passenger transportation systems and rail transit systems that support regional growth strategies, official community plans, and the economic development of the transit service areas;
- Provide for the maintenance and operation of those systems;
- With the approval of the minister, pursue commercial opportunities and undertake or enter into commercial ventures in respect to those systems and the authority's assets and resources; and
- Continue undertaking business evaluations to maximize efficiencies and expand ridership opportunities.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Align actions and activities that assist the Ministry of Transportation and Infrastructure (Ministry) to achieve the goals and objectives of the Provincial Transit Plan and in collaboration with local government partners, subject to Ministry fiscal funding allocations and local government affordability;
- Develop and share with the Ministry a three-year annual operating budget and a ten-year capital budget by August 2014 and finalize these budgets by November 30, 2014; work with the Ministry to ensure that financial targets be achieved, and meet reporting requirements as identified in the Ministry's budget letter to BC Transit and the Ministry- BC Transit contribution agreements, and accurately report quarterly forecasts and have balanced budgets in each year;
- Enhance performance measures and targets that align with, and aid in the achievement of, the goals and strategies documented in the Corporation's 2014/15 Service Plan; and
- Work with the Ministry to develop performance expectations with regard to the above noted goals, objectives, strategies policies and implement strategic policy priorities of government including direction related to the 2012 BC Transit Independent Review.

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 and conduct its affairs with the principles of integrity, efficiency, effectiveness, and customer service.

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. Government sets broad policy direction to ensure the Corporation's operation and performance is consistent with the Government's Strategic Plan, found at: http://www.bcbudget.gov.bc.ca/2013_June_Update/stplan/2013_June_Strategic_Plan.pdf

and as such, the Corporation will:

- Ensure that the Corporation's priorities reflect Government's priorities of:
 - **Strong Economy**
A government that supports our economy by controlling spending to balance the budget, keeping taxes and government debt affordable and protecting B.C.'s hard-earned triple-A credit rating.
 - **Jobs**
A government that is focused on job creation and investment in the province.
 - **Families**
A government that works continuously to improve social programs that support families of every description, and improve the lives of British Columbians.
- Comply with Crown Agency Accountability System guidelines, policy, due dates and best practices, as set out from time to time and as applicable to the Corporation, found at <http://www.gov.bc.ca/caro/publications/index.html> including the Information and Events Calendar for commercial and service delivery Crown corporations, Government's Expectations Manual for British Columbia Crown Agencies and the Best Practices Guideline & Disclosure Requirements for Governing Boards of British Columbia Sector Organizations.
- Comply with all legislation and policies applicable to the Corporation including but not limited to:
 - The executive compensation policies for Crown corporations. Found at: http://www.fin.gov.bc.ca/psec/disclosedocs/crown_corporation_executive_compensation_july_2012.pdf;
 - 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*;
 - Government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*.
- Follow the spirit and intent of the financial policy requirements in the Ministry of Finance Core Policy and Procedures Manual found at: <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/CPMtoc.htm>
- Participate in government's Core and Crown reviews, which may include the review of Crown mandates, and implement the recommendations of these reviews.

- Ensure that any planned deficit spending or use of the retained earnings is approved in advance by Treasury Board.
- Inform Government immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

GOVERNMENT RESPONSIBILITIES

Specific to the Corporation, Government will:

- Provide the provincial share of funding for transit services, subject to the annual budget appropriation; submit quarterly reports and forecasts; and, comply with the terms and conditions of all Ministry-BC Transit contribution agreements;
- Provide strategic advice and support for BC Transit to develop operating and capital budgets, achieve financial targets and meet reporting requirements, as detailed in the Ministry budget letter to BC Transit; and provide clear direction and support for BC Transit to align its actions and activities with the goals and objective of the Provincial Transit Plan;
- Provide clear direction related to the Minister's response to the 2012 BC Transit Independent Review; work closely with BC Transit and local governments to implement those recommendations that require Ministry participation;
- Work with BC Transit to develop performance expectations with regard to specific corporate accountabilities; and
- Develop, approve and implement transit funding strategies.

During the term of this Letter, Government may provide further policy direction to the Ministry of Transportation and Infrastructure who will communicate any such direction, including implementation expectations, to BC Transit as decisions are made.

AREAS OF SHARED ACCOUNTABILITY

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

On a quarterly basis, the Minister Responsible, Honourable Todd Stone, the Deputy Minister Grant Main, the Board Chair Kevin Mahoney, and the Chief Executive Officer Manuel Achadinha, will meet to discuss relevant and current corporation business. The meeting will be to review the achievement of the goals, objectives, performance measures, financial targets and risk assessments identified in the Corporation's Service Plan.

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.

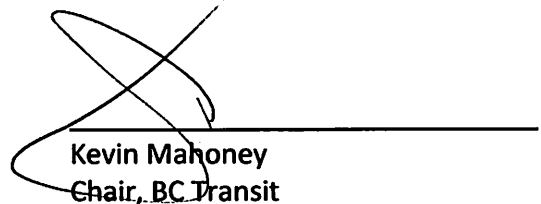
The Corporation and the Crown Agencies Resource Office will post the most recent signed copy of the Government's Letter of Expectations on their respective websites.

REVIEW AND REVISION OF THIS LETTER

The Minister of Transportation and Infrastructure 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 Todd Stone
Minister of Transportation and Infrastructure



Kevin Mahoney
Chair, BC Transit

JAN 15 2014

Date

31-JAN-2014

Date

- cc. 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

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Grant Main
Deputy Minister
Ministry of Transportation and Infrastructure

Manuel Achadinha
Chief Executive Officer
BC Transit