



**GOVERNMENT'S LETTER OF EXPECTATIONS**

**BETWEEN**

**THE MINISTER OF JOBS, TOURISM AND SKILLS TRAINING AND MINISTER  
RESPONSIBLE FOR LABOUR  
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)**

**AND**

**THE CHAIR OF THE DESTINATION BC CORP.  
(AS REPRESENTATIVE OF THE CORPORATION)**

**FOR 2013/14**

**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 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 Government's Expectations Manual identifies roles and responsibilities for the Government and Crown corporations, and provides for a Government's Letter of Expectations (Letter) to be developed.

## **CORPORATION ACCOUNTABILITIES**

Destination BC Corp. has been established as a Crown corporation under the *BC Business Corporations Act*. Government has provided the following mandate direction to Destination BC Corp.:

- Market British Columbia domestically, nationally and internationally as a tourist destination;
- Promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by:
  - providing support for regional, sectoral and community tourism marketing;
  - providing industry leadership in tourism marketing;
  - promoting training and development in relation to tourism marketing;
  - providing support for Visitor Centres; and
  - conducting tourism-related market research;
- Provide advice and recommendations to the Minister responsible on tourism-related matters;
- Enhance public awareness of tourism and its economic value to British Columbia; and
- Administer and perform agreements assigned to it by the Minister responsible.

## **SPECIFIC CORPORATION ACCOUNTABILITIES**

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

- Establish a Tourism Marketing Committee comprised of up to three representatives nominated by each of the six Regional Destination Marketing Organizations in BC. The Board will establish a Tourism Marketing Committee to provide input on marketing priorities and tourism-related performance indicators;
- Develop a 3 year marketing plan aligned with Gaining the Edge – A Five-year Strategy for Tourism in British Columbia through consultation with the Tourism Marketing Committee and report to the Minister responsible on progress by September 30, 2013;
- Leverage private sector and other government (e.g., federal and local) funds through the use of provincial funds to develop joint marketing campaigns that are co-funded by the private sector and/or other governments;
- Work with government to develop key performance indicators that reflect the Corporation's performance;
- Work with industry to develop performance measures and indicators that reflect tourism industry performance and report to the Minister responsible on progress in establishing measures by September 2013;
- Develop and publish contracts with Regional Destination Marketing Organizations that include clearly specified deliverables and performance measures upon which funding is predicated;

- Receive corporate and legal services for 2013/14 exclusively from the Ministry responsible, the BC Public Service Agency, Legal Services Branch of the Ministry of Justice and Shared Services BC under Service Level Agreements with the Ministry responsible and Legal Services Branch; and
- Review the Corporation's corporate and legal services requirements during 2013/14 to identify and present to the Ministry responsible by November 2013 efficient, effective and cost effective options for the provision of these services in future years.

For matters related to human resource management and employee relations, the Province will act as the employer for the purpose of setting terms and conditions of employment, collective bargaining and providing employee programs and benefits.

### **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.

For those Crown corporations that are commercial entities, they are expected to earn positive returns for their shareholders, the people of British Columbia, to help provide health care, education and other critical social services required by our growing and aging population.

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;
- Ensure that prior to commencing collective bargaining or initiating changes to non-union compensation on or after January 1, 2012, coordination with Government occurs to develop detailed plans for funding proposed compensation changes or other incentives under the Province's Cooperative Gains Mandate and to ensure clarity on the applicability of the freeze on executive and management compensation announced on September 14, 2012. Savings plans must be based on real savings that are measurable and incremental to existing business plans

that are included in the Province's budgets and three-year fiscal plan. They must not include proposals for:

- o increased funding from Government,
- o reductions in service, or
- o transferring the costs of existing services to the public.

However, plans may also include new revenue generation opportunities that are voluntary in nature to consumers and taxpayers.

In any year, incremental realized savings/revenues must fully offset incremental costs of compensation increases.

Savings and bargaining 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 to Government on the implementation of a plan, including information on progress in meeting savings targets. The frequency and metrics used in that reporting will be defined by Government in consultation with the Corporation;

- Government is undertaking reviews of all Crown corporations. The Corporation is expected to participate in the review as requested, and to implement the recommendations of the review;
- A review of executive compensation in Crown corporations and related recommendations were provided to government by a working group of Crown corporation board chairs in July, 2012. Government has responded to those recommendations by changing elements of its executive compensation policies for Crown corporations. These policies are found at [http://www.fin.gov.bc.ca/psec/disclosedocs/crown\\_corporation\\_executive\\_compensation\\_july\\_2012.pdf](http://www.fin.gov.bc.ca/psec/disclosedocs/crown_corporation_executive_compensation_july_2012.pdf) and include the requirement to incorporate the performance priorities articulated in this letter in any performance-related compensation the board establishes for executives. Boards should be familiar with this policy and contact the Public Sector Employers' Council Secretariat for assistance in applying it;
- 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;

- Ensure that any planned deficit spending or use of the retained earnings is approved in advance by Treasury Board;
- 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 Government 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:

- Work with the Corporation to develop operational performance indicators that reflect the Corporation's performance;
- Enter in to Service Level Agreements with the Corporation for providing corporate and legal services; and
- Review cost effective options developed by and with the Corporation for the provision of corporate and legal services for 2014/15.

## 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 (Government's) Expectations Manual for British Columbia's Crown Agencies
- Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations
- Remuneration Guidelines for Appointees to Crown Agency Boards
- Capital Asset Management Framework

## AREAS OF SHARED ACCOUNTABILITY

### REPORTING

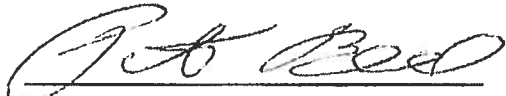
Government and the Corporation are committed to transparency and accountability to the public and have reporting and disclosure requirements in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and/or the *Financial Information Act*. Government provides an Information 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 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 Skills Training and Minister Responsible for Labour 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 Skills Training  
And Minister Responsible for Labour



Andrea Shaw  
Chair, Destination BC Corp.

MARCH 7, 2013

Date

March 22, 2013

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

Sheila Taylor  
Associate Deputy Minister  
Ministry of Finance

Dave Byng  
Deputy Minister  
Ministry of Jobs, Tourism and Skills Training  
and Minister Responsible for Labour

Dana Hayden  
President & Chief Executive Officer  
Destination BC Corp.