

MINISTRY OF FINANCE

The mission of the Ministry of Finance is to provide fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy; lead fair, efficient, and effective tax and royalty programs to support government services; and provide a centre of excellence for revenue management for government.

MINISTRY SUMMARY

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	Estimates 2012/13 ¹	Estimates 2013/14
VOTED APPROPRIATIONS		
Vote 22 — Ministry Operations.....	117,209	114,879
Vote 23 — Gaming Policy and Enforcement.....	18,377	19,819
Vote 24 — Public Service Agency.....	51,163	50,807
Vote 25 — Benefits.....	1	1
STATUTORY APPROPRIATIONS		
Insurance and Risk Management Account Special Account.....	4,191	4,191
Provincial Home Acquisition Wind Up Special Account.....	10	10
OPERATING EXPENSES	<u>190,951</u>	<u>189,707</u>
CAPITAL EXPENDITURES ²	10,405	8,018
LOANS, INVESTMENTS AND OTHER REQUIREMENTS ³	197,675	171,982
REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES ⁴	—	—

NOTES

¹ For comparative purposes, figures shown for the 2012/13 operating expenses; capital expenditures; loans, investments and other requirements; and revenue collected for, and transferred to, other entities are restated to be consistent with the presentation of 2013/14 Estimates. Schedule A presents a detailed reconciliation of the restatement of operating expenses and capital expenditures.

² Details of capital expenditures are presented in Schedule C.

³ Details of loans, investments and other requirements are presented in Schedule D.

⁴ Details of revenue collected for, and transferred to, other entities are presented in Schedule E.

MINISTRY OF FINANCE
CORE BUSINESS SUMMARY
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	2012/13	2013/14 ESTIMATES		
OPERATING EXPENSES	Net	Gross	External Recoveries	Net
Core Business				
Treasury Board Staff.....	6,738	6,716	(7)	6,709
Office of the Comptroller General.....	5,931	5,933	(2)	5,931
Treasury.....	1	30,740	(30,739)	1
Revenue Division.....	67,341	204,296	(138,230)	66,066
Policy and Legislation.....	5,015	21,973	(16,998)	4,975
Public Sector Employers' Council Secretariat.....	16,640	16,660	(20)	16,640
Internal Audit and Advisory Services.....	2,407	2,557	(150)	2,407
Executive and Support Services.....	13,136	12,152	(2)	12,150
Gaming Policy and Enforcement.....	18,377	128,691	(108,872)	19,819
Public Service Agency.....	51,163	51,877	(1,070)	50,807
Benefits.....	1	53,283	(53,282)	1
Insurance and Risk Management Account Special Account.....	4,191	6,542	(2,351)	4,191
Provincial Home Acquisition Wind Up Special Account.....	10	10	—	10
TOTAL OPERATING EXPENSES	190,951	541,430	(351,723)	189,707

CAPITAL EXPENDITURES	Net	Disbursements	Receipts	Net
Core Business				
Executive and Support Services.....	9,655	7,995	—	7,995
Gaming Policy and Enforcement.....	750	23	—	23
TOTAL CAPITAL EXPENDITURES	10,405	8,018	—	8,018

LOANS, INVESTMENTS AND OTHER REQUIREMENTS	Net	Disbursements	Receipts	Net
Core Business				
Revenue Division.....	197,695	343,043	(171,043)	172,000
Provincial Home Acquisition Wind Up Special Account.....	(20)	—	(18)	(18)
TOTAL LOANS, INVESTMENTS AND OTHER REQUIREMENTS.....	197,675	343,043	(171,061)	171,982

REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES	Net	Disbursements	Receipts	Net
Core Business				
Revenue Division.....	—	—	—	—
TOTAL REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES.....	—	—	—	—

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14

VOTE 22 — MINISTRY OPERATIONS

This vote provides for ministry programs and operations described in the voted appropriations under the following eight core businesses: Treasury Board Staff, Office of the Comptroller General, Treasury, Revenue Division, Policy and Legislation, Public Sector Employers' Council Secretariat, Internal Audit and Advisory Services, and Executive and Support Services.

TREASURY BOARD STAFF

Voted Appropriation

Treasury Board Staff.....	6,738	6,709
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Voted Appropriation Description: This sub-vote provides for the following: financial management advice to government on management of ministry, service delivery agency, and commercial Crown corporation operating and capital spending, economic performance, revenue, and debt including development of economic, revenue, and spending forecasts; development and management of the provincial government's budget and three-year fiscal plan including production of the Budget and Fiscal Plan, the Estimates, Quarterly Reports, and other related documents; advice and recommendations to Treasury Board on financial and capital management issues including development of standards, policies, and programs to support government initiatives; and review and approval of ministry, service delivery agency, and commercial Crown corporation plans. Costs may be recovered from ministries, Crown corporations and agencies, and parties external to government for services described within this sub-vote.

OFFICE OF THE COMPTROLLER GENERAL

Voted Appropriation

Office of the Comptroller General.....	5,931	5,931
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Voted Appropriation Description: This sub-vote provides for a corporate governance and control framework over financial management, procurement, accounting, performance management, payment card industry requirements, and general and unclaimed property administration for the provincial government. Activities include legislation and policy development, capacity development and monitoring, reporting, and continuous improvement. This sub-vote also provides for special investigations, management advisory services, activity based management, preparation of the Public Accounts, financial statements and management reports, financial compliance monitoring and reporting, payment diversion, and the Corporate Services Secretariat. Costs may be recovered from ministries, organizations within the government reporting entity, and external organizations for services described within this sub-vote.

TREASURY

Voted Appropriation

Treasury.....	1	1
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Voted Appropriation Description: This sub-vote provides for debt management and banking and cash management services to government, government bodies, and other authorized organizations. Debt management services include: management of the government's borrowing and fiscal agency loan programs; investments related to those programs; advisory and arranger services in relation to corporate and project finance initiatives; investor and rating agency relations; accounting, reporting, forecasting, and analysis services relating to the debt of the government reporting entity and the organizations within it; and related financing and liability management services. Banking and cash management services include: negotiation and management of banking contracts and credit arrangements; development of government banking policy; cash management of the Consolidated Revenue Fund and related funds including investment of those funds; payment and revenue consolidation services; management of government compliance with payment card industry data security standards; and banking and cash management related services. Costs may be recovered from ministries, including Management of Public Funds and Debt, Crown corporations and agencies, and parties external to government for services described within this sub-vote.

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14

REVENUE DIVISION

Voted Appropriation

Revenue Division.....	67,341	66,066
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Voted Appropriation Description: This sub-vote provides for the administration and enforcement of tax statutes, including the related revenue, royalties, interest, refunds, rebates, and benefit programs that are the responsibility of the Ministry of Finance. This sub-vote also provides for accounts receivable, collection, and loan administration, including costs resulting from the administration of loans and grants issued under student financial assistance programs, the ongoing administration of the reconstruction loan portfolio under the *Homeowner Protection Act*, and the collection of Medical Services Plan premiums. Costs may be recovered from revenue administered by the ministry. Costs may also be recovered from ministries, Crown corporations and agencies, other levels of government, public bodies, and parties external to government for services described within this sub-vote.

POLICY AND LEGISLATION

Voted Appropriations

Policy and Legislation.....	5,014	4,974
Financial Institutions Commission.....	1	1
	<u>5,015</u>	<u>4,975</u>

Voted Appropriations Description: This sub-vote provides the legislative frameworks for the corporate and personal property registries and the regulation of financial services, pension plans, and real estate services. This sub-vote is also responsible for the coordination of non-budget legislation for the ministry. In addition, this sub-vote provides for advising the Minister of Finance and government on tax policy and intergovernmental fiscal relations for negotiations of financial, tax, and fiscal arrangements with First Nations, the federal government, and other levels of government and supports the implementation of government tax policy through legislation and regulation. This sub-vote also provides for operation and related administrative costs of the Financial Institutions Commission, the Credit Union Deposit Insurance Corporation, and the Financial Services Tribunal. Costs may be recovered from ministries, Crown corporations and agencies, other levels of government, public bodies, and parties external to government for services described within this sub-vote.

PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT

Voted Appropriation

Public Sector Employers' Council Secretariat.....	16,640	16,640
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Voted Appropriation Description: This sub-vote provides for the operation of the Public Sector Employers' Council and the Council Secretariat, as established under the *Public Sector Employers Act*, and includes salaries and remuneration of the secretariat staff, government's financial contributions to employers' associations established under the *Public Sector Employers Act*, and related expenses. The Council sets and coordinates strategic direction for issues in labour relations and advises government with respect to labour relations, pensions, and compensation-related issues in the public sector. Costs may be recovered from pension boards for services described within this sub-vote.

INTERNAL AUDIT AND ADVISORY SERVICES

Voted Appropriation

Internal Audit and Advisory Services.....	2,407	2,407
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Voted Appropriation Description: This sub-vote provides for the operation of Internal Audit and Advisory Services. Services include internal audit and management advisory services pertaining to the efficiency and effectiveness of government operations; financial and management controls; performance management, accountability, and risk management; special audits and reviews requested by Treasury Board; and pre- and post-implementation reviews of major information systems. Costs may be recovered from ministries, organizations within the government reporting entity, and external organizations for services described within this sub-vote.

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14

EXECUTIVE AND SUPPORT SERVICES

Voted Appropriations

Minister's Office.....	537	681
Corporate Services.....	12,599	11,469
	<u>13,136</u>	<u>12,150</u>

Voted Appropriations Description: This sub-vote provides for the office of the Minister of Finance; the deputy minister's office; Government House; and executive, strategic, and administrative support for the ministry including financial, human resources, business planning, information and systems management, freedom of information and privacy services, and records services. Corporate services are provided to the Public Service Agency, Office of the Premier, and other entities. This sub-vote also provides for payment of authorized travel and other expenses and allowances for members of the Executive Council, Parliamentary Secretaries, members of the Legislative Assembly performing executive functions, personal attendants, and ministerial staff. This sub-vote also provides for advice on the oversight of Crown corporations and agencies including analysis and coordination on governance, accountability, strategic priorities, performance planning, reporting, and inter-entity issues and policies. Costs may be recovered from ministries, Crown corporations and agencies, other levels of government, public bodies, and parties external to government for services described within this sub-vote.

VOTE 22 — MINISTRY OPERATIONS

117,209

114,879

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14**VOTE 23 — GAMING POLICY AND ENFORCEMENT**

This vote provides for programs and operations in the voted appropriations under the core business: Gaming Policy and Enforcement.

GAMING POLICY AND ENFORCEMENT**Voted Appropriations**

Gaming Policy and Enforcement Operations.....	18,376	19,818
Distribution of Gaming Proceeds.....	1	1
	<u>18,377</u>	<u>19,819</u>

Voted Appropriations Description: This sub-vote provides for the administration of gaming (including horse racing and lotteries) in the province and includes development and administration of legislation, policy, standards, and regulations; licensing gaming events; oversight of horse racing events and teletheatres; registration; equipment and product certification; auditing all forms of gambling activities for compliance, investigation, and enforcement activities concerning legal gaming venues and illegal gaming; the management of the province's gaming initiatives; the province's responsible gambling strategy and problem gambling program; and the distribution of gaming proceeds. Costs may be recovered from revenues paid into the Consolidated Revenue Fund by the British Columbia Lottery Corporation, from processing fees for gaming event licence applications, from the Canadian Pari-Mutuel Agency for horse race testing, from external entities for horse race betting, and from gaming registrants for direct costs incurred in the processing of registration applications for services described within this sub-vote.

VOTE 23 — GAMING POLICY AND ENFORCEMENT

18,377

19,819

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14**VOTE 24 — PUBLIC SERVICE AGENCY**

This vote provides for programs and operations described in the voted appropriations under the core business: Public Service Agency.

PUBLIC SERVICE AGENCY**Voted Appropriations**

Business Performance.....	22,901	22,289
Service Operations.....	8,608	9,478
Talent Management.....	14,079	13,299
Employee Relations.....	4,013	4,078
Corporate Services.....	1,562	1,663
	<u>51,163</u>	<u>50,807</u>

Voted Appropriations Description: This sub-vote provides for the BC Public Service Agency programs and operations including a full range of day-to-day human resource consulting, compensation, and classification; related human resource services and programs to assist clients in meeting their business goals; and the delivery of a suite of learning services, performance management, recognition and engagement programs, payroll, and hiring. This sub-vote also provides for a full range of labour relations services including negotiation and administration of collective agreements, severance, and labour relations advice and dispute resolution. This sub-vote also provides for the executive direction of the BC Public Service Agency, including management services for the Benefits Vote, along with administrative support services, policy and program development, financial services, communications, corporate human resource application management, strategic planning, and information systems. Costs may be recovered from ministries, Crown agencies, boards and commissions, and other parties both internal and external to government for services described within this sub-vote.

VOTE 24 — PUBLIC SERVICE AGENCY

51,163

50,807

MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14

VOTE 25 — BENEFITS

This vote provides for programs and operations described in the voted appropriations under the core business: Benefits.

BENEFITS

Voted Appropriations

Pension Contribution and Retirement Benefits.....	246,956	268,549
Employee Health Benefits.....	137,512	136,772
Other Benefits.....	4,750	4,865
Benefits Administration.....	7,428	7,428
Recoveries.....	(396,645)	(417,613)
	<u>1</u>	<u>1</u>

Voted Appropriations Description: This sub-vote provides for services in pension, retirement, employee health benefits, workforce adjustment services and severance costs, and related policy, program development, and administration for these business lines. This sub-vote also provides for the delivery of Disability Management and Workplace Health and Safety Programs and the management of the Provincial Employees Community Services Fund. Costs may be recovered from ministries, Crown agencies, boards and commissions, and other parties both internal and external to government for services described within this sub-vote.

VOTE 25 — BENEFITS

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MINISTRY OF FINANCE

VOTE DESCRIPTIONS

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Estimates
2012/13Estimates
2013/14

STATUTORY — SPECIAL ACCOUNTS

These statutory appropriations provide for programs and operations for the following special accounts: Insurance and Risk Management Account and Provincial Home Acquisition Wind Up.

INSURANCE AND RISK MANAGEMENT ACCOUNT

Statutory Appropriation

Insurance and Risk Management Account.....	4,191	4,191
	<u>4,191</u>	<u>4,191</u>

Statutory Appropriation Description: This statutory appropriation provides for the Insurance and Risk Management Account which is governed under the *Financial Administration Act*.

PROVINCIAL HOME ACQUISITION WIND UP

Statutory Appropriation

Provincial Home Acquisition Wind Up special account.....	10	10
	<u>10</u>	<u>10</u>

Statutory Appropriation Description: This statutory appropriation provides for the Provincial Home Acquisition Wind Up special account which is governed under the *Special Accounts Appropriation and Control Act*.

MINISTRY GROUP ACCOUNT CLASSIFICATION SUMMARY

GROUP ACCOUNT CLASSIFICATION

Salaries and Benefits	583,988	607,485
Operating Costs	126,183	161,759
Government Transfers	132,439	135,489
Other Expenses	109,452	129,201
Internal Recoveries	(472,026)	(492,504)
External Recoveries	(289,085)	(351,723)
TOTAL OPERATING EXPENSES.....	<u>190,951</u>	<u>189,707</u>

MINISTRY OF FINANCE

SPECIAL ACCOUNT¹

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	Estimates 2012/13	Estimates 2013/14
INSURANCE AND RISK MANAGEMENT ACCOUNT		
This account was established by the <i>Financial Administration Amendment Act</i> in 1989, for the purpose of providing insurance and/or risk management services to participants consisting of government bodies, ministries, public authorities, persons, and classes of persons or public authorities designated by regulation. This account is administered by the Ministry of Finance and also provides for the operation of the Risk Management Branch and Government Security Office which provides risk management; risk financing, including claims and litigation management; and security, advisory, and consulting services to the provincial public sector. Revenue and recoveries represent amounts paid into the account in respect of agreements or arrangements with participants, amounts required to be paid into it under regulations, amounts appropriated for the account by a <i>Supply Act</i> , and earnings of the account. Expenses represent the amounts payable from the account in respect of agreements or arrangements with participants and amounts payable from the account in accordance with regulations including the cost of providing insurance and risk management services and the operation of the account.		
SPENDING AUTHORITY AVAILABLE AT THE BEGINNING OF THE FISCAL YEAR ².....	389,471	407,461
OPERATING TRANSACTIONS		
Revenue.....	21,790	21,790
Expense.....	(53,622)	(53,622)
Internal and External Recoveries.....	49,431	49,431
Net Revenue (Expense).....	17,599	17,599
FINANCING TRANSACTIONS		
Receipts.....	—	—
Disbursements.....	—	—
Capital Expenditures.....	—	—
Net Cash Source (Requirement).....	—	—
Working Capital Adjustments and Other Spending Authority Committed ³	391	391
PROJECTED SPENDING AUTHORITY AVAILABLE AT THE END OF THE FISCAL YEAR ².....	407,461	425,451

NOTES

¹ A Special Account is an account in the General Fund where the authorization to spend money from the account is located in an Act other than the *Supply Act*.

² The Projected Spending Authority Available represents the cash and temporary investments projected to be available at the end of the fiscal year. The Spending Authority Available at the beginning of the fiscal year 2012/13 is based on the *2011/12 Public Accounts*.

³ The Working Capital Adjustments and Other Spending Authority Committed includes those adjustments that would change the cash balance of the Special Account. This may include amortization expense, changes in accounts receivable and payable, and the recognition of deferred revenues.

MINISTRY OF FINANCE

SPECIAL ACCOUNT¹

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	Estimates 2012/13	Estimates 2013/14
PROVINCIAL HOME ACQUISITION WIND UP SPECIAL ACCOUNT		
This account was established under the <i>Special Accounts Appropriation and Control Act</i> effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the <i>Home Conversion and Leasehold Loan Act</i> , the <i>Home Mortgage Assistance Act</i> , the <i>Home Purchase Assistance Act</i> , the <i>Homeowner Interest Assistance Act</i> , and the <i>Provincial Home Acquisition Act</i> . The latter Acts were repealed effective March 31, 2004. Revenue consists of interest on outstanding mortgage principal. Expenses include statutory rebates and other miscellaneous program costs. Receipts represent repayment of outstanding mortgage loan principal. Disbursements represent repurchased mortgage accounts and guarantee claims paid under the mortgage assistance programs.		
SPENDING AUTHORITY AVAILABLE AT THE BEGINNING OF THE FISCAL YEAR ².....	15,429	15,468
OPERATING TRANSACTIONS		
Revenue.....	6	5
Expense.....	(10)	(10)
Net Revenue (Expense).....	(4)	(5)
Difference Between 2012/13 Estimates and Projected Actual Net Revenue (Expense).....	23	
FINANCING TRANSACTIONS		
Receipts.....	20	18
Disbursements.....	—	—
Capital Expenditures.....	—	—
Net Cash Source (Requirement).....	20	18
PROJECTED SPENDING AUTHORITY AVAILABLE AT THE END OF THE FISCAL YEAR ².....	15,468	15,481

NOTES

¹ A Special Account is an account in the General Fund where the authorization to spend money from the account is located in an Act other than the *Supply Act*.

² The Projected Spending Authority Available represents the cash and temporary investments projected to be available at the end of the fiscal year. The Spending Authority Available at the beginning of the fiscal year 2012/13 is based on the *2011/12 Public Accounts*.

MINISTRY OF FINANCE

LOANS, INVESTMENTS AND OTHER REQUIREMENTS BY CORE BUSINESS

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Estimates 2012/13	Estimates 2013/14
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REVENUE DIVISION

INTERNATIONAL FUEL TAX AGREEMENT (*MOTOR FUEL TAX ACT*) — Disbursements are provided by the province to other International Fuel Tax Agreement jurisdictions in respect of the receipts collected on their behalf. Administration costs are funded through the ministry's voted appropriations.

Disbursements.....	2,866	2,643
Receipts.....	(12,171)	(12,043)
Net Cash Requirement (Source).....	(9,305)	(9,400)

LAND TAX DEFERMENT ACT — Disbursements are made to municipalities by the province to pay for property taxes deferred under this Act by those property owners who qualify for the regular Tax Deferment Program (over 55 years of age and other qualified property owners) or who qualify for either the Financial Hardship Tax Deferment Program or the Family with Children Property Tax Deferral Option Program. The property owner or the estate is required to repay to the province all deferred taxes, interest, and an administration fee on the termination of the agreement. Property owners qualifying under the Financial Hardship Tax Deferment Program are not required to pay an administration fee. Receipts represent repayments of outstanding principal (taxes deferred exclusive of interest). Interest and fee revenues are credited to the Consolidated Revenue Fund. Administration costs are funded through the ministry's voted appropriations.

Disbursements.....	113,000	110,000
Receipts.....	(47,000)	(52,000)
Net Cash Requirement (Source).....	66,000	58,000

RECONSTRUCTION LOAN PORTFOLIO — Disbursements are made to individuals, including strata property owners, who qualify for loans under the reconstruction loan program as set out in the *Homeowner Protection Act*. Receipts represent principle repayments on outstanding loans. Administration costs are funded through the ministry's voted appropriations.

Disbursements.....	500	400
Receipts.....	(16,500)	(17,000)
Net Cash Requirement (Source).....	(16,000)	(16,600)

STUDENT AID BC LOAN PROGRAM — Disbursements represent expenditures associated with loans under the StudentAid BC Loan Program. Receipts represent principal repayments on outstanding loans. Administration costs are funded through the ministry's voted appropriations.

Disbursements.....	247,000	230,000
Receipts.....	(90,000)	(90,000)
Net Cash Requirement (Source).....	157,000	140,000

MINISTRY OF FINANCE

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VOTE 22 Ministry Operations

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Treasury Board Staff	6,738	4,986	57	1,196	—	6,239	—	35	72	152	118	87	—	86	—
Office of the Comptroller General	5,931	4,975	89	1,195	—	6,259	5	31	114	35	181	99	—	12	—
Treasury	1	6,295	46	1,561	—	7,902	—	49	180	840	3,519	815	—	—	—
Revenue Division	67,341	33,471	629	8,030	—	42,130	—	181	3,319	84,150	2,250	6,979	—	5	17
Policy and Legislation	5,015	11,933	68	2,864	—	14,865	101	429	1,216	2,420	845	1,058	—	2	—
Policy and Legislation	5 014	3 623	12	870	—	4 505	—	125	741	128	19	447	—	1	—
Financial institutions Commission	1	8 310	56	1 994	—	10 360	101	304	475	2 292	826	611	—	1	—
Public Sector Employers' Council Secretariat	16,640	1,646	6	395	—	2,047	—	60	65	25	78	51	—	—	—
Internal Audit and Advisory Services	2,407	2,562	—	615	—	3,177	—	54	2	30	28	19	—	—	—
Executive and Support Services	13,136	7,661	105	1,879	52	9,697	—	836	45	108	614	274	773	—	22
Minister's Office	537	424	3	121	52	600	—	28	—	—	9	20	—	—	—
Corporate Services	12 599	7 237	102	1 758	—	9 097	—	808	45	108	605	254	773	—	22
Total	117,209	73,529	1,000	17,735	52	92,316	106	1,675	5,013	87,760	7,633	9,382	773	105	39

VOTE 23 Gaming Policy and Enforcement

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Gaming Policy and Enforcement	18,377	10,515	76	2,523	—	13,114	—	476	333	312	524	656	—	90	2
Gaming Policy and Enforcement Operations	18 376	10 515	76	2 523	—	13 114	—	476	333	312	524	656	—	90	2
Distribution of Gaming Proceeds	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	18,377	10,515	76	2,523	—	13,114	—	476	333	312	524	656	—	90	2

VOTE 24 Public Service Agency

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Public Service Agency	51,163	23,626	213	5,754	—	29,593	—	905	186	2,701	20,048	2,033	350	—	—
Business Performance	22 901	2 033	22	488	—	2 543	—	76	55	30	19 534	109	—	—	—
Service Operations	8 608	7 576	73	1 818	—	9 467	—	164	—	29	58	139	—	—	—
Talent Management	14 079	9 801	109	2 352	—	12 262	—	398	—	996	247	1 451	350	—	—
Employee Relations	4 013	2 868	1	688	—	3 557	—	255	125	—	23	124	—	—	—
Corporate Services	1 562	1 348	8	408	—	1 764	—	12	6	1 646	186	210	—	—	—
Total	51,163	23,626	213	5,754	—	29,593	—	905	186	2,701	20,048	2,033	350	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	43	—	593	—	—	—	—	—	—	9	9	—	(125)	(125)	(1)	(6)	(7)	6,709
—	—	101	—	578	—	—	—	—	—	—	1	1	—	(905)	(905)	(1)	(1)	(2)	5,931
—	—	384	1	5,788	—	—	—	—	—	—	27,793	27,793	—	(10,743)	(10,743)	(1,135)	(29,604)	(30,739)	1
330	—	10,235	10	107,476	3	400	7,537	7,940	—	—	48,216	48,216	—	(1,466)	(1,466)	(2)	(138,228)	(138,230)	66,066
37	—	3	1,310	7,421	—	—	—	—	—	—	852	852	—	(1,165)	(1,165)	(1)	(16,997)	(16,998)	4,975
30	—	—	—	1 491	—	—	—	—	—	—	294	294	—	(1 165)	(1 165)	(1)	(150)	(151)	4 974
7	—	3	1 310	5 930	—	—	—	—	—	—	558	558	—	—	—	—	(16 847)	(16 847)	1
—	—	—	—	279	14,324	—	—	14,324	—	—	10	10	—	—	—	—	(20)	(20)	16,640
—	—	—	—	133	—	—	—	—	—	—	2	2	—	(755)	(755)	(149)	(1)	(150)	2,407
12	—	31	—	2,715	170	—	—	170	—	—	180	180	—	(610)	(610)	(1)	(1)	(2)	12,150
—	—	—	—	57	—	—	—	—	—	—	24	24	—	—	—	—	—	—	681
12	—	31	—	2 658	170	—	—	170	—	—	156	156	—	(610)	(610)	(1)	(1)	(2)	11 469
379	—	10,797	1,321	124,983	14,497	400	7,537	22,434	—	—	77,063	77,063	—	(15,769)	(15,769)	(1,290)	(184,858)	(186,148)	114,879

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
8	—	444	—	2,845	10,000	—	102,705	112,705	—	—	27	27	—	—	—	—	(108,872)	(108,872)	19,819
8	—	444	—	2 845	—	—	9 105	9 105	—	—	27	27	—	—	—	—	(5 273)	(5 273)	19 818
—	—	—	—	—	10 000	—	93 600	103 600	—	—	—	—	—	—	—	—	(103 599)	(103 599)	1
8	—	444	—	2,845	10,000	—	102,705	112,705	—	—	27	27	—	—	—	—	(108,872)	(108,872)	19,819

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	1,051	93	27,367	—	—	—	—	—	—	6,218	6,218	—	(11,301)	(11,301)	(913)	(157)	(1,070)	50,807
—	—	986	10	20 800	—	—	—	—	—	—	10	10	—	—	—	(913)	(151)	(1 064)	22 289
—	—	6	—	396	—	—	—	—	—	—	25	25	—	(410)	(410)	—	—	—	9 478
—	—	2	83	3 527	—	—	—	—	—	—	6 060	6 060	—	(8 550)	(8 550)	—	—	—	13 299
—	—	—	—	527	—	—	—	—	—	—	3	3	—	(3)	(3)	—	(6)	(6)	4 078
—	—	57	—	2 117	—	—	—	—	—	—	120	120	—	(2 338)	(2 338)	—	—	—	1 663
—	—	1,051	93	27,367	—	—	—	—	—	—	6,218	6,218	—	(11,301)	(11,301)	(913)	(157)	(1,070)	50,807

MINISTRY OF FINANCE

(\$000)

VOTE 25 Benefits

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Benefits	1	6,174	—	462,273	—	468,447	—	172	1,750	681	37	190	—	—	—
Pension Contribution and Retirement Benefits	246 956	—	—	268 699	—	268 699	—	—	—	—	—	—	—	—	—
Employee Health Benefits	137 512	—	—	188 977	—	188 977	—	—	—	—	—	—	—	—	—
Other Benefits	4 750	—	—	3 115	—	3 115	—	—	1 750	—	—	—	—	—	—
Benefits Administration	7 428	6 174	—	1 482	—	7 656	—	172	—	681	37	190	—	—	—
Recoveries	(396 645)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1	6,174	—	462,273	—	468,447	—	172	1,750	681	37	190	—	—	—

Special Account(s)

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Insurance and Risk Management Account	4,191	3,234	5	776	—	4,015	—	100	1,070	843	518	162	—	—	—
Provincial Home Acquisition Wind Up special account	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	4,201	3,234	5	776	—	4,015	—	100	1,070	843	518	162	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	2,830	—	—	350	350	—	—	10	10	—	(418,354)	(418,354)	(749)	(52,533)	(53,282)	1
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(150)	(150)	268 549
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(52 205)	(52 205)	136 772
—	—	—	—	1 750	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4 865
—	—	—	—	1 080	—	—	350	350	—	—	10	10	—	(741)	(741)	(749)	(178)	(927)	7 428
—	—	—	—	—	—	—	—	—	—	—	—	—	—	(417 613)	(417 613)	—	—	—	(417 613)
—	—	—	—	2,830	—	—	350	350	—	—	10	10	—	(418,354)	(418,354)	(749)	(52,533)	(53,282)	1

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
650	—	391	—	3,734	—	—	—	—	—	—	45,873	45,873	—	(47,080)	(47,080)	(2,200)	(151)	(2,351)	4,191
—	—	—	—	—	—	—	—	—	—	—	10	10	—	—	—	—	—	—	10

650	—	391	—	3,734	—	—	—	—	—	—	45,883	45,883	—	(47,080)	(47,080)	(2,200)	(151)	(2,351)	4,201
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MANAGEMENT OF PUBLIC FUNDS AND DEBT

SUMMARY

(\$000)

	Estimates 2012/13 ¹	Estimates 2013/14
VOTED APPROPRIATION		
Vote 46 — Management of Public Funds and Debt.....	1,287,491	1,257,091
OPERATING EXPENSES	<u>1,287,491</u>	<u>1,257,091</u>
CAPITAL EXPENDITURES ²	—	—
LOANS, INVESTMENTS AND OTHER REQUIREMENTS ³	—	—
REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES ⁴	—	—

NOTES

¹ For comparative purposes, figures shown for the 2012/13 operating expenses; capital expenditures; loans, investments and other requirements; and revenue collected for, and transferred to, other entities are restated to be consistent with the presentation of *2013/14 Estimates*. Schedule A presents a detailed reconciliation of the restatement of operating expenses and capital expenditures.

² Details of capital expenditures are presented in Schedule C.

³ Details of loans, investments and other requirements are presented in Schedule D.

⁴ Details of revenue collected for, and transferred to, other entities are presented in Schedule E.

MANAGEMENT OF PUBLIC FUNDS AND DEBT

SUMMARY

(\$000)

	2012/13	2013/14 ESTIMATES		
OPERATING EXPENSES	Net	Gross	External Recoveries	Net
Core Business				
Cost of Borrowing for Government Operating and Capital Funding.....	1,287,488	1,261,825	(4,737)	1,257,088
Cost of Borrowing for Relending to Government Bodies.....	1	1,071,075	(1,071,074)	1
Cost of Financial Agreements Entered into on Behalf				
of Government Bodies.....	1	942	(941)	1
Cost of Warehouse Borrowing Program.....	1	20,390	(20,389)	1
TOTAL OPERATING EXPENSES	<u>1,287,491</u>	<u>2,354,232</u>	<u>(1,097,141)</u>	<u>1,257,091</u>

MANAGEMENT OF PUBLIC FUNDS AND DEBT

VOTE DESCRIPTIONS

(\$000)

Estimates
2012/13Estimates
2013/14

VOTE 46 — MANAGEMENT OF PUBLIC FUNDS AND DEBT

This vote provides for the cost of managing public funds and debt resulting from borrowing activities to finance provincial operating and capital requirements; borrowing on behalf of government bodies under the fiscal agency loan program, and entering certain financial agreements and commodity derivatives with or on behalf of government bodies; and borrowing for the warehouse program.

COST OF BORROWING FOR GOVERNMENT OPERATING AND CAPITAL FUNDING (NET OF RECOVERIES)

Voted Appropriation

Cost of Borrowing for Government Operating and Capital Funding.....	<u>1,287,488</u>	<u>1,257,088</u>
---	------------------	------------------

Voted Appropriation Description: This sub-vote provides for interest and all other costs, expenses, charges, and fees associated with debt arising from borrowings or other credit arrangements. These include costs under related financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives, incurred or assumed by the government for operating purposes or capital funding purposes. This sub-vote also provides for the cost of cash-flow management of the Consolidated Revenue Fund, payment services resulting from borrowing activities, and costs associated with business continuation planning in relation to debt management, banking and cash management functions. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives, and revenue earned from sinking fund investments, prefunding operations and matched book transactions, are offset against the related expenditure.

COST OF BORROWING FOR RELENDING TO GOVERNMENT BODIES (NET OF RECOVERIES)

Voted Appropriation

Cost of Borrowing for Relending to Government Bodies.....	<u>1</u>	<u>1</u>
---	----------	----------

Voted Appropriation Description: This sub-vote provides for interest and all other costs, expenses, charges, and fees associated with debt arising from borrowings or other credit arrangements, including costs under related financial agreements (such as interest rate and currency swaps and forward rate agreements) incurred or assumed by the government for the purposes of the fiscal agency loan program. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) are offset against the related expenditure, and the remaining costs are fully recovered from government bodies or other authorized organizations.

COST OF FINANCIAL AGREEMENTS ENTERED INTO ON BEHALF OF GOVERNMENT BODIES (NET OF RECOVERIES)

Voted Appropriation

Cost of Financial Agreements Entered into on Behalf of Government Bodies.....	<u>1</u>	<u>1</u>
---	----------	----------

Voted Appropriation Description: This sub-vote provides for all costs, expenses, charges, and fees associated with financial agreements (such as interest rate and currency swaps and forward rate agreements) entered into by the government with or on behalf of government bodies or other authorized organizations other than such agreements related to fiscal agency loans. This sub-vote also provides for all costs, expenses, charges, and fees associated with commodity derivatives entered into by the government with or on behalf of the government bodies or other authorized organizations. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives are offset against the related expenditure under those agreements or derivatives, and the remaining costs are fully recovered from government bodies or authorized organizations.

MANAGEMENT OF PUBLIC FUNDS AND DEBT

VOTE DESCRIPTIONS

(\$000)

Estimates
2012/13Estimates
2013/14

COST OF WAREHOUSE BORROWING PROGRAM (NET OF RECOVERIES)

Voted Appropriation

Cost of Warehouse Borrowing Program.....	1	1
--	---	---

Voted Appropriation Description: This sub-vote provides for the costs associated with debt issued in advance of requirements including interest and all other costs, expenses, charges, and fees. The debt is held in the program prior to allocation to a government purpose or for loans to a government body or other authorized organization. Interest and other earnings accrued from the investment of proceeds of borrowings while warehoused offsets interest and other costs associated with those borrowings. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) are offset against the related interest expenditure.

VOTE 46 — MANAGEMENT OF PUBLIC FUNDS AND DEBT

1,287,491

1,257,091

GROUP ACCOUNT CLASSIFICATION SUMMARY

GROUP ACCOUNT CLASSIFICATION

Other Expenses	2,359,706	2,354,232
External Recoveries	(1,072,215)	(1,097,141)
TOTAL OPERATING EXPENSES.....	1,287,491	1,257,091

Public Sector Executive Compensation Reporting Form

British Columbia Lottery Corporation
Reporting for Fiscal Year 2011/2012

Statement of Executive Compensation

June 2012

Table of Contents

Attestation Letter

Item 1 – General Provisions

Item 2 – Compensation Discussion and Analysis

Item 3 – Summary Compensation Table

July 23, 2012

Mr. Paul Straszak, CEO
Public Sector Employers' Council Secretariat
Box 9400 Stn. Prov. Govt.
Victoria, BC V8W 9V1

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424
bclc.com

Re: Attestation letter for Executive Compensation
British Columbia Lottery Corporation, Fiscal Reporting Period 2011/12

I have read the Public Sector Executive Compensation Reporting Guidelines as prepared by the Public Employer's Council Secretariat and understand it is my responsibility as Board Chair to be aware of executive compensation paid as reported by British Columbia Lottery Corporation (BCLC) management.

I hereby attest that, the executive compensation transactions, as reported by BCLC for the fiscal period 2011/12, in all material respects, were within approved compensation plans.

Yours truly,



John McLernon
Chair, Board of Directors

Enclosure(s)

Statement of Executive Compensation

1.1 PURPOSE

BCLC is required to disclose all compensation provided to the Chief Executive Officer and the next four highest paid executives for the services they have provided to the organization. This document outlines the design, provisions and total value of executive compensation for the fiscal year ending March 31, 2012 for the British Columbia Lottery Corporation (BCLC).

2.1 COMPENSATION DISCUSSION AND ANALYSIS

2.1.1 Compensation Philosophy

In order to become the Employer of Choice with a high performance workforce passionately driving the success of our business, British Columbia Lottery Corporation's Total Rewards value proposition to employees encompasses the following:

- Compensate for individual and team performance through pay for performance which contributes to the overall strategic transformation and growth of the organization.
- Ability to attract and retain the best possible people by ensuring salaries are competitively benchmarked against the average of the marketplace.
- Ensure internal and pay equity through a formalized job evaluation/classification system and "equal pay for work of equal value".
- Reward and recognize competencies and behaviours that support the Corporation's values and high performance values as those are integral to how we conduct business.
- Promote and support a healthy workplace through competitive and comprehensive benefits and work life balance programs.
- Value and appreciate staff through both informal and formal corporate recognition programs.
- Provide a workplace environment that fosters innovation, creativity, flexibility and adaptability.
- Provide a culture of continuous improvement, learning and growth – both personally and professionally.

Positions are compared against the marketplace on a regular basis to ensure they are competitive and meet the needs of the organization. Adjustments to salary levels are approved by the Board of Directors and the Public Sector Employers Compensation Secretariat (PSEC).

The compensation program includes both a base pay and re-earnable variable incentive program. It is designed to pay for performance. Employees progress through a salary range based on individual performance and mastery of the job. All employees are eligible for a re-earnable bonus based on both corporate and individual achievement of goals.

Equity is achieved through a formalized job evaluation system that evaluates jobs and level of compensation on the basis of complexity. Positions are also evaluated against "equal pay for work of equal value".

The Benefits and Work/Life balance component of the Total Rewards package is designed to provide competitive and comprehensive coverage for employees and their families and to

recognize the importance of work life balance in being a contributor to a high performance culture.

Any Total Rewards offered must be within the organization's ability to pay and be approved at the Senior Executive level, as well as be in compliance with any government regulations and guidelines in place.

2.1.2 Governance

The Board of Directors and the Human Resources and Compensation Committee (HR&C) have oversight of BCLC's executive compensation. The terms of reference (as it pertains to total compensation) are outlined below:

Board of Directors

- Monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- Approve the CEO's compensation
- Review compensation plans for senior management including salary, incentive, benefit and pension plans;
- Approve certain matters relating to all employees, including:
 - The Corporation's broad compensation strategy and philosophy;
 - New benefit programs or material changes to existing programs; and
 - Material changes to the employee pension plans;

Human Resource and Compensation Committee

- Develop and review a pay for performance Compensation philosophy consistent with the corporate strategy (includes the benefit plan and the annual salary planning plan).
- Review and recommend annual goals for the President and Chief Executive Officer and, when approved ensure the process is implemented.
- Review and recommend the CEO's compensation, including incentive, bonus, benefit and retirement plans, to the Board for approval.
- In consultation with the CEO review and recommend compensation for the Executive team.
- Review and make recommendations to the Board respecting the terms and conditions of the pension plans of which BCLC is an administrator.
- Review the performance incentive plan and make recommendations to the Board regarding approval.

The Board has final approval on the above matters and the HR&C Committee then ensures decisions are implemented.

2.1.3 Forms of Compensation

Total compensation for the Executive includes base and incentive pay, benefits, pension, supplementary pension, vacation, and perquisite allowance. Following is a description of each total compensation element.

Base Pay

Base pay is established at the median based on external benchmarking data and is designed to neither lead nor lag the market. Based on the external data, as well as an internal job evaluation system outlining role accountabilities, jobs are valued and slotted within the appropriate salary range. Annual salary increases for the Executive is determined based on individual performance and placement in the salary range.

Incentive Pay

BCLC's Variable Incentive Pay Program is aimed at directly linking employee performance to pay, ensuring that accountability cascades down through the organization from the CEO to front line employees. Success is measured on the performance of both corporate goals and individual goals, formalizing how each employee directly contributes to the successful delivery of the goals of the organization.

BCLC's Variable Incentive is granted based on the achievement of a financial trigger, corporate goals (50%) and individual goal (50%) and is re-earnable each year. The incentive plan is not remunerated (corporate or individual) if the financial trigger is not achieved.

The process is as follows:

- The HR&C Committee of the Board reviews and recommends to the Board, the appropriate corporate goals and targets.
- The Service Plan, which is approved by the Ministry, and the business plan, which is approved by the Board of Directors drives the overall corporate and individual goals set for the Executive.
- The CEO's goals are determined by the Board of Directors.
- The CEO's goals are cascaded down to the Executive team and all goals established directly link to the approved business plan.
- The HR&C Committee reviews the attainment of corporate goals, and the individual goals for the CEO, and recommends to the Board the level of achievement against the target set at the end of the fiscal year.

Fiscal Year 2011/12 Targets

Corporate Goals	Weighting	Threshold	Target	Stretch
Net Income before taxes (millions)	50.00%	\$1,135.0	\$1,200.0	\$1,235.0
Net Win (millions)	50.00%	\$1,985.0	\$2,098.0	\$2,160.0

Benefit Plan

The flexible benefit program offered at BCLC provides all employees with an opportunity to purchase benefits based on their lifestyle needs. Employees are provided with preference credits, which are used to purchase medical, extended health, dental, AD&D, life insurance, etc. Long Term Disability premiums are paid for by the employee. *The Executive do not have any additional perquisites in this regard.*

Vacation

20 days of vacation is provided for management staff, including the Vice Presidents, upon joining BCLC. Employees' annual rate of vacation accrual increases at established years of service until the maximum accrued vacation rate is met. The maximum accrued vacation provided to management and Executive is 35 days. 30 days' vacation is provided to the CEO.

Registered Pension Plan (RPP)

BCLC has its own defined benefit pension plan which is a shared cost between the employee and the Corporation. Employees contribute 4.4% of their monthly earnings that are less than or equal to Year's Maximum Pensionable Earnings (YMPE) and 6.0% of their annual earnings that are in excess of the YMPE. The Corporation contributes additional amounts necessary to pay for the promised pension. An actuary who is certified in the determination of pension funding requirements calculates the amount of the Corporation's contribution.

Supplemental Registered Pension Plan (SRP)

BCLC has a Supplemental Registered Plan for its Vice-Presidents. The SRP provides a pension payable at retirement on or after age 55. The pension is calculated using the formula from the RPP, without *Income Tax Act* maximum pension limits imposed on the RPP. The excess over the RPP pension is payable from the SRP. In other words, the SRP provides the pension that the *Income Tax Act* will not allow to be paid from the RPP. The SRP is simply a mirror of the RPP, with two exceptions: The Vice President does not have to contribute to the SRP. And, if a Vice President terminates employment before age 55, no benefit is payable from the SRP.

Supplemental Registered Pension Plan (CEO)

The CEO Supplemental Registered Pension is similar to the SRP for Vice Presidents with one exception; the CEO receives 1.5 years of pension credit for each year worked.

Perquisite Allowance

A perquisite allowance is provided to the Vice Presidents and the Chief Executive Officer in the amount of \$12,000 per annum.

2.2 New Policies, Actions or Decisions

There have been no new policies, actions or decisions made since the end of the fiscal year that affect a fair understanding of the Executive compensation for 2011/2012.

ITEM 3 - SUMMARY COMPENSATION TABLE

Name and Principal Position	Base Salary	Incentive Plan Compensation Earned	Benefits	Pension	All Other Compensation	Total	Previous Two Years Totals
A	B	C	D	E	F	G	H
Michael Graydon President & Chief Executive Officer	\$ 299,077	\$ 40,000	\$ 11,183	\$ 87,620	Vacation \$ 11,539 Perquisites \$ 12,000 Total: \$ 23,539	\$ 461,419	2010/11: \$ 421,084 2009/10: \$ 382,881
Scott Norman Chief Information Officer <i>Terminated: April 1, 2011</i>	\$ 4,075	\$ 0	\$ 208	\$ 0	Severance \$ 435,826 Vacation \$ 0 Perquisites \$ 231 Total: \$ 436,057	\$ 440,340	2010/11: \$ 292,554 2009/10: \$ 288,907
Jim Lightbody Vice President, Casino & Community Gaming	\$ 221,079	\$ 41,850	\$ 10,657	\$ 33,420	Vacation \$ 1,253 Perquisites \$ 12,000 Total: \$ 13,253	\$ 320,259	2010/11: \$ 296,134 2009/10: \$ 286,009
Kevin Gass Vice President, Lottery Gaming	\$ 208,797	\$ 44,745	\$ 10,585	\$ 31,120	Vacation \$ 0 Perquisites \$ 12,000 Total: \$ 12,000	\$ 307,247	2010/11: \$ 280,904 2009/10: \$ 270,286
Tom Wamson Vice President, Finance & Corporate Services & CFO	\$ 205,520	\$ 34,795	\$ 9,559	\$ 29,720	Vacation \$ 14,924 Perquisites \$ 12,000 Total: \$ 26,924	\$ 306,518	2010/11: \$ 283,588 2009/10: n/a

ITEM 3.1 – SUMMARY COMPENSATION TABLE DISCUSSION

A	Name and Principal Position	<ul style="list-style-type: none">Mr. Norman was term nated on Apr 1, 2011.																				
B	Base Salary	<ul style="list-style-type: none">Payro system m tat ons restr ct sa ary report ng to who e pay per ods. The sa ary reported s for the pay per ods of March 27, 2011 – March 23, 2012.																				
C	Incentive Plan Compensation Earned	<ul style="list-style-type: none">Incentive compensat on reported above s for the ach evement of f sca 2011/12 goa s and pad n f sca 2012/13.																				
D	Benefits	<ul style="list-style-type: none">Tota nc udes emp oyer contr but ons for MSP, Benefit Cred ts, Denta , Extended Med ca , Bas c and Opt ona AD&D, Bas c L fe Insurance, and Statutory Benefits (WCB, EI and CPP).																				
E	Pension	<ul style="list-style-type: none">The tota nc udes both Reg stered Pens on and Supp ementa Reg stered Pens on amounts.The ca cu ated pens on amounts are estab shed us ng the actuar a assumpt ons for p an fund ng purposes.A of the assumpt ons are shown be ow: <table><tr><td>Discount rate</td><td>5 50% per year</td><td>Consumer Price Index</td><td>2 50% per year</td></tr><tr><td>Pensionable earnings definition</td><td>Basic salary rate plus target incentive at 20% of earnings</td><td>Mortality</td><td>UP94 with general projection</td></tr><tr><td>Increases in pensionable earnings</td><td>4 00% per year</td><td>Withdrawal</td><td>None</td></tr><tr><td>YMPE increases</td><td>3 50% per year</td><td>Retirement age</td><td>Age 62 or April 1, 2012 if later</td></tr><tr><td>Increases in maximum pension permitted under the Income Tax Act</td><td>3 50% per year after 2012</td><td></td><td></td></tr></table>	Discount rate	5 50% per year	Consumer Price Index	2 50% per year	Pensionable earnings definition	Basic salary rate plus target incentive at 20% of earnings	Mortality	UP94 with general projection	Increases in pensionable earnings	4 00% per year	Withdrawal	None	YMPE increases	3 50% per year	Retirement age	Age 62 or April 1, 2012 if later	Increases in maximum pension permitted under the Income Tax Act	3 50% per year after 2012		
Discount rate	5 50% per year	Consumer Price Index	2 50% per year																			
Pensionable earnings definition	Basic salary rate plus target incentive at 20% of earnings	Mortality	UP94 with general projection																			
Increases in pensionable earnings	4 00% per year	Withdrawal	None																			
YMPE increases	3 50% per year	Retirement age	Age 62 or April 1, 2012 if later																			
Increases in maximum pension permitted under the Income Tax Act	3 50% per year after 2012																					
F	All Other Compensation	<p>Severance – Mr. Norman's severance package s w th n the term nat on gu de nes set out by Pub c Sector Emp oyers Act. The amount rem tted to Mr. Norman s based on an 18 month not ce per od and s nc us ve of base sa ary, var ab e ncent ve, perqu s te and benef t costs for the per od.</p> <p>Perquisite Allowance – The CEO and NEOs rece ve a \$12,000 per annum perqu s te a owance wh ch s rem tted on a b week y bas s.</p> <p>Vacation Paid – Unused vacat on tme accrued n ca endar year 2009 for use n ca endar year 2010.</p>																				

G	Total	Michael Graydon	<p>Notable changes in total compensation from previous reporting year:</p> <ul style="list-style-type: none"> • Base Salary – a base salary adjustment provided to Mr. Graydon by the Board of Directors effective April 1, 2011. • Incentive Plan – For fiscal year 2011/12, a reduction of the maximum potential annual incentive for the CEO from 20% of base salary to 13.33% of base salary was implemented and the deferred incentive program eliminated. • Pension – increase as a result of calculation based on funding assumptions.
		Jim Lightbody	<p>Notable changes in total compensation from previous reporting year:</p> <ul style="list-style-type: none"> • Base Salary – due to a performance based merit increase. • Incentive Plan – achievement based on corporate and individual performance. • Pension – increase as a result of calculation based on funding assumptions. • Vacation payout – unused vacation time accrued in calendar year 2009 for use in calendar year 2010.
		Kevin Gass	<p>Notable changes in total compensation from previous reporting year:</p> <ul style="list-style-type: none"> • Base Salary – due to a performance based merit increase. • Incentive Plan – achievement based on corporate and individual performance. • Pension – increase as a result of calculation based on funding assumptions.
		Tom Wamson	<p>Notable changes in total compensation from previous reporting year:</p> <ul style="list-style-type: none"> • Base Salary – due to a performance based merit increase. • Incentive Plan – achievement based on corporate and individual performance. • Pension – increase as a result of calculation based on funding assumptions. • Vacation payout – unused vacation time accrued in calendar year 2009 for use in calendar year 2010.



British Columbia Securities Commission

July 3, 2012

Paul Straszak
President and CEO, PSEC

Delivered by e-mail

Dear Mr. Straszak:

I confirm that the BCSC Board is aware of the executive compensation paid in fiscal 2011/12 and confirm that the compensation provided was within our approved compensation plan.

Yours truly,

Paul Bourque
Executive Director
British Columbia Securities Commission

British Columbia Securities Commission
Executive Compensation Report
For the Year Ended March 31, 2012

Organization

The BCSC is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

Compensation structure

We are accountable to the provincial legislature and the public through the Minister of Finance. Our compensation plan requires *Public Sector Employers' Council* approval.

The BCSC manages its compensation through effective internal governance policies and practices, including as follows:

- Our Audit and Human Resources committees comprise only independent commissioners appointed by the Lieutenant Governor-in-Council
- The Audit Committee oversees the BCSC's annual budget and the Human Resources Committee oversees the design and administration of BCSC performance management and compensation practices
- Semi-annually, the Human Resources Committee reviews the Chair's performance against her objectives. In consultation with the Chair, the Human Resources Committee reviews the performance of other executives and senior managers
- The Human Resources Committee recommends, for board approval, the Chair's incentive compensation for the preceding year and the Chair's salary for the ensuing year
- The Chair and Executive Director consult the Human Resources Committee on the incentive compensation and salaries of the other executives and senior managers

We compete with law and accounting firms, the securities industry, and other securities regulators to hire and retain professional staff with securities market expertise.

Compensation philosophy

Our goal is median compensation. We strive to offer remuneration comparable to that offered by competing organizations. To remain competitive, we conduct annual salary surveys and propose adjustments when surveyed positions are significantly below the median. Like most of our competitors, our compensation plan includes performance-based incentives.

Incentive principles

Employees participate in an incentive plan, following these principles:

- Incentive awards depend on our ability to fund them
- Incentives are based on individual, divisional and commission performance

British Columbia Securities Commission
Executive Compensation Report
For the Year Ended March 31, 2012

Incentive targets

Incentive targets vary depending on positions' potential impact on commission performance. Named officers (Chair, Vice Chair, Executive Director, Director of Enforcement, and the Director of Corporate Finance) have incentive targets ranging from 20 – 40%. In addition, a personal achievement factor, ranging from nil to 1.75, is applied. In some cases, total compensation is subject to government compensation maximums.

Read our annual report available on www.bcsc.bc.ca for more information about fiscal 2012 performance.

Fiscal 2012 compensation summary

Name	Position	Base	Incentive	Benefits ⁽¹⁾	Pension	Other ⁽²⁾	2012	2011	2010
Brenda M. Leong	Chair	381,780	55,499	13,789	38,497	9,686	499,251	499,251	499,251
Brent W. Aitken	Vice Chair	325,451	104,157	9,324	-	1,841	440,773	443,631	464,688
Paul Bourque	Executive Director	257,500	67,686	13,771	25,723	Housing: 23,000 Perquisites: 12,320	400,000	343,496	-
Martin D.C. Eady	Director, Corporate Finance	197,351	-	9,564	19,538	Severance: 398,342 Vacation: 17,522 Perquisites: 4,287	646,604	262,023	263,980
Langley E. Evans	Director, Enforcement	206,590	37,880	10,755	20,487	1,035	276,747	273,959	277,998

¹ Benefits includes long-term disability plan premiums, Canada Pension Plan premiums, extended health and dental plan premiums, Medical Services Plan premiums, Employment Insurance premiums, Worksafe premiums, group life insurance premiums.

² Perquisites includes parking and transit, professional membership fees, fitness reimbursements, and imputed interest on interest-free computer purchase loans.



Pacific Carbon Trust

May 15, 2012

Ref: 201214

Paul Straszak
President and CEO
Public Sector Employers' Council
PO Box 9400 Stn Prov Govt
Victoria BC V8V 9V1

Re: Public Sector 2011/2012 Statement of Executive Compensation for Pacific Carbon Trust

Dear Mr. ~~Straszak~~: *Paul*

On behalf of the Pacific Carbon Trust Board of Directors, I confirm that the attached 2011/2012 Statement of Executive Compensation is consistent with the corporation's approved executive compensation plan.

Sincerely,

Chris Trumpy
Chris Trumpy
Chair, Board of Directors

Attachment



Statement of Executive Compensation 2011/2012

BACKGROUND

Pacific Carbon Trust (PCT) is a Crown corporation that delivers quality BC-based greenhouse gas (GHG) offsets to help clients meet their carbon reduction goals. Its goals are to reduce emissions province-wide and to help grow BC's low-carbon economy. PCT is responsible for purchasing offsets from BC-based projects that are in compliance with BC's Emission Offsets Regulation, ensuring credible offsets built on recognized international standards.

A carbon offset represents a qualifying reduction in greenhouse gas emissions generated by activities, such as improved energy efficiency, that can be used to balance the emissions from another source, such as travel. PCT delivers offsets to several clients, including the BC government and broader public service organizations, to offset carbon emissions.

To support PCT's growth, its development as a successful entity is centered on three core values:

1. **Entrepreneurial.** PCT is an innovative company that puts results about process, seizing opportunities and taking risks necessary to drive growth of the low carbon economy.
2. **Sustainable.** PCT is a champion for sustainable business practices and role model for low-carbon operations.
3. **Credible.** PCT is recognized for its expertise, professional standards and high quality, credible carbon products.

COMPENSATION PHILOSOPHY

The Pacific Carbon Trust Compensation Plan was established and approved in October 2009, and is founded on the following key principles that support a balanced and fiscally prudent approach to staff compensation levels.

1. **Recruitment and Retention** - the ability of the plan to attract and retain high calibre staff with the right skills, aptitude and knowledge
2. **Fair and Competitive** the plan should be gauged in relation to other "like" positions and organizations to come to a fair market outcome
3. **Motivates and Rewards Performance** compensation should drive high performance at both the corporate/team and individual levels and reward the risks taken in joining this new venture

4. **Simple and Transparent Administration** being a small organization operating within the public service, administering the compensation plan cannot involve a detailed, multi-layered process. It needs to be easily implemented and explained to a public audience
5. **Affordable and Conservative** PCT currently receives operating grants from government to continue building its infrastructure and business. PCT must manage all of its expenditures, including compensation, prudently
6. **Strategically and Culturally Aligned** the plan should drive successful attainment of PCT's mandate, goals and values, including a low carbon footprint

Compensation for the CEO is set and approved by PCT's Board of Directors. Compensation for Named Executive Officers (NEOs) is determined by the CEO within set guidelines which include salary ranges approved by the Public Sector Employers' Council (PSEC). Salaries cannot be outside the range approved by PSEC.

Similar crown corporations and core government were directly surveyed to identify relevant benchmarks in terms of base salary, incentives, benefits and perquisites. For comparative purposes, data was gathered from organizations considered most similar across various factors (e.g., size, breadth/type of mandate, subject matter and budget). Focusing on these organizations enables PCT to assess compensation being paid to a similar labour pool. A number of other organizations were also contacted to provide general background and high-level comparisons.

Benefits

PCT offers and administers a standard benefit package that is generally consistent with the benefit plan provided by the Provincial Government. It includes MSP, Extended Health, Dental, Life Insurance, Short Term and Long Term Disability, Employee and Family Assistance, Vacation and Public Service Pension Plan. Benefits, where applicable, are extended to employee dependents.

Re-earnable Incentive Holdback Plan

The Incentive Holdback Plan is a component of PCT's Compensation Plan and was approved by PSEC in July 2010. It is administered on an annual basis based on corporate, business unit and individual performance measures and adheres to the following weightings.

	CORPORATE		INDIVIDUAL		HOLD BACK
	Key Performance Indicators	Financial Results	Demonstrated Business Results	Demonstrated Business Impact	MAXIMUM AWARD (% of Base Salary)
CEO	80%		5%	15%	up to 20%
Management	40%		30%	30%	up to 10%
Professional / Administrative	20%		50%	30%	up to 5%

The corporate portion of the incentive holdback is measured on identified deliverables, for example key performance indicators related to the annual service plan, business plan / unit objectives and financial results. A trigger mechanism will ensure a pre-determined threshold level is reached before payment for the CEO is made. For all other employees, a pre-determined threshold level will ensure that overall corporate performance is achieved before payment is made for the corporate portion.

Individual performance is assessed on annual personal business plans developed for all staff that include the identification of the top three to five business outcomes that represent stretch goals. All staff complete quarterly check-ins with their supervisor to identify progress in meeting the personal business plan outcomes. As well, all staff complete an annual review to assess demonstrated business results and demonstrated business impacts based on the Employee Performance and Review forms. These forms assess behaviours related to PCTs values across key behaviour, skills and abilities, such as: Initiative; Collaboration; Opportunities for Others; Solutions Based Outlook; and Inspiration through Coaching, Managing and Mentoring.

PERFORMANCE AREA	MEASUREMENT CRITERIA	DECISION/MEASUREMENT PROCESS
Corporate	a. Key Performance Indicators b. Financial Results	<ul style="list-style-type: none"> ➤ Corporate KPIs - targets met ➤ Positive net income achieved
Individual	a. Business Results Assessment as defined through annual personal business plan process b. Business Impact Assessment based on Employee Performance Feedback and Review. Focused on performance related to PCTs values across key behaviours, skills and abilities	<ul style="list-style-type: none"> ➤ Assessment of top three to five key deliverables based on: Consistent delivery of high-quality products; delivery of objectives in a timely manner; objectives achieved in a cost-effective manner by doing the right things, leading to the right results; cultivation of positive stakeholder satisfaction adding value to the corporation; and alignment of key deliverables with corporate priorities ➤ Recommendation of Manager based on PCTs assessed competency ratings for: Initiative; Collaboration; Opportunities for Others; Solutions Based Outlook; and Inspiration through Coaching, Managing and Mentoring

As defined in the PCT compensation plan, the holdback applies to all permanent PCT employees with the maximum award, as a percentage of base salary, determined by three employee bands. Research of other organizations on a holdback or incentive award ranged from (0% to 50%).

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	SALARY	INCENTIVE PLAN COMPENSATION PAID ⁱ	BENEFITS	PENSION	ALL OTHER COMPENSATION	TOTAL	PREVIOUS 2 YEARS TOTALS
Scott MacDonald, CEO	\$132,511	\$13,500 ⁱⁱ	\$49,156	n/a ⁱⁱⁱ	None	\$195,168	2009/10= n/a 2010/11=\$171,241
David Moffat, Managing Director – Business Development	\$123,231	\$11,186	\$12,526	\$12,170	None	\$159,112	2009/10= n/a 2010/11=\$153,562

ⁱ Incentive Plan Compensation Paid was earned on performance for the 2010/11 year, paid in the 2011/12 fiscal year.

ⁱⁱ CEO is on secondment from the provincial government. The secondment agreement was updated in 2011 to include a re-earnable incentive holdback, consistent with the PCT compensation plan. The CEO received 50% of the eligible holdback for 2010/11 and will be eligible for the full holdback in 2011/12.

ⁱⁱⁱ CEO benefits (including Pension) are under BC provincial government benefits plan as part of secondment arrangement and are charged back to PCT as one lump sum number rather than broken out individually.

Pages 37 through 44 redacted for the following reasons:

s3 publicly available

MANAGEMENT OF PUBLIC FUNDS AND DEBT

(\$000)

VOTE 46 Management of Public Funds and Debt

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Borrowing for Government Operating and Capital Funding	1,287,488	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing for Relending to Government Bodies	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial Agreements Entered into on Behalf of Government Bodies	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Warehouse Borrowing Program	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1,287,491	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	—	—	—	—	—	—	1,248,328	13,497	1,261,825	—	—	—	(4,737)	—	(4,737)	1,257,088
—	—	—	—	—	—	—	—	—	—	—	1,071,075	1,071,075	—	—	—	(319,699)	(751,375)	(1,071,074)	1
—	—	—	—	—	—	—	—	—	—	—	942	942	—	—	—	—	(941)	(941)	1
—	—	—	—	—	—	—	—	—	—	—	20,390	20,390	—	—	—	—	(20,389)	(20,389)	1
—	—	—	—	—	—	—	—	—	—	1,248,328	1,105,904	2,354,232	—	—	—	(324,436)	(772,705)	(1,097,141)	1,257,091

OTHER APPROPRIATIONS

OPERATING EXPENSES BY VOTE (\$000)

Estimates 2012/13	Estimates 2013/14
----------------------	----------------------

VOTE 47 — CONTINGENCIES (ALL MINISTRIES) AND NEW PROGRAMS (Minister of Finance)

This vote provides for additional funding for items budgeted in other votes to accommodate the financial consequences of unanticipated and contingent events. Unanticipated events include developments during the year that could not be reasonably anticipated when the budget was prepared. Contingent events include developments that could be anticipated but not with enough certainty to make a reasonable estimate of budget costs or where final costs are dependent on a pending decision by government or another party. This vote also provides for ex gratia payments and the funding of new programs initiated during the fiscal year.

OPERATING EXPENSES

General Programs
Climate Action and Clean Energy
2010 Sports and Arts Legacy

240 000	225,000
40 000	—
20 000	—
<u>300 000</u>	<u>225,000</u>

CAPITAL EXPENDITURES

Project Reserves

95 000	73,390
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OTHER APPROPRIATIONS

OPERATING EXPENSES BY VOTE

(\$000)

Estimates
2012/13Estimates
2013/14

VOTE 49 — COMMISSIONS ON COLLECTION OF PUBLIC FUNDS

Minister of Aboriginal Relations and Reconciliation
 Minister of Advanced Education
 Minister of Agriculture
 Minister of Children and Family Development
 Minister of Community, Sport and Cultural Development
 Minister of Education
 Minister of Energy and Mines
 Minister of Environment
 Minister of Finance

Minister of Forests, Lands and Natural Resource Operations
 Minister of Health
 Minister of International Trade
 Minister of Jobs, Tourism and Skills Training
 Minister of Justice
 Minister of Natural Gas Development
 Minister of Social Development and Social Innovation
 Minister of Technology, Innovation and Citizens' Services
 Minister of Transportation and Infrastructure

This vote provides for recognition of payments to, or amounts withheld by, parties on account of commissions and/or remunerations for services provided to the government relating to the administration, collection, and management of revenue and accounts owed to the government as authorized under various statutes/regulations. This vote also provides for collection costs incurred by the Minister of Finance and Legal Services Branch, and the Ministry of Justice. The fees and commissions are deducted from the gross amount of revenues and accounts collected on behalf of government by means of a recovery to the vote.

OPERATING EXPENSES

Ministry of Aboriginal Relations and Reconciliation.....	1	1
Ministry of Advanced Education.....	2	2
Ministry of Agriculture.....	1	1
Ministry of Children and Family Development.....	1	1
Ministry of Community, Sport and Cultural Development.....	1	1
Ministry of Education.....	1	1
Ministry of Energy and Mines.....	1	1
Ministry of Environment.....	1	1
Ministry of Finance.....	13,000	67,000
Ministry of Forests, Lands and Natural Resource Operations.....	1,259	1,259
Ministry of Health.....	878	878
Ministry of International Trade.....	—	1
Ministry of Jobs, Tourism and Skills Training.....	2	2
Ministry of Justice.....	5,025	3,585
Ministry of Natural Gas Development.....	—	1
Ministry of Social Development and Social Innovation.....	480	480
Ministry of Technology, Innovation and Citizens' Services.....	1	1
Ministry of Transportation and Infrastructure.....	25	15
Recoveries.....	(20,678)	(73,230)
	<u>1</u>	<u>1</u>

OTHER APPROPRIATIONS

OPERATING EXPENSES BY VOTE

(\$000)

Estimates
2012/13Estimates
2013/14

VOTE 50 — ALLOWANCES FOR DOUBTFUL REVENUE ACCOUNTS

Minister of Aboriginal Relations and Reconciliation
 Minister of Advanced Education
 Minister of Agriculture
 Minister of Children and Family Development
 Minister of Community, Sport and Cultural Development
 Minister of Education
 Minister of Energy and Mines
 Minister of Environment
 Minister of Finance

Minister of Forests, Lands and Natural Resource Operations
 Minister of Health
 Minister of International Trade
 Minister of Jobs, Tourism and Skills Training
 Minister of Justice
 Minister of Natural Gas Development
 Minister of Social Development and Social Innovation
 Minister of Technology, Innovation and Citizens' Services
 Minister of Transportation and Infrastructure

This vote provides for allowances for doubtful collection of revenue accounts owed to the government as authorized under various statutes/regulations. The allowances for doubtful collections of revenue accounts are deducted from gross revenues by means of a recovery to the vote.

OPERATING EXPENSES

Ministry of Aboriginal Relations and Reconciliation.....	1	1
Ministry of Advanced Education.....	2	2
Ministry of Agriculture.....	1	1
Ministry of Children and Family Development.....	50	50
Ministry of Community, Sport and Cultural Development.....	1	1
Ministry of Education.....	1	1
Ministry of Energy and Mines.....	1	1
Ministry of Environment.....	600	400
Ministry of Finance.....	122,200	149,600
Ministry of Forests, Lands and Natural Resource Operations.....	5,670	5,570
Ministry of Health.....	2,871	6,806
Ministry of International Trade.....	—	1
Ministry of Jobs, Tourism and Skills Training.....	2	2
Ministry of Justice.....	12,030	12,685
Ministry of Natural Gas Development.....	—	1
Ministry of Social Development and Social Innovation.....	8,029	11,029
Ministry of Technology, Innovation and Citizens' Services.....	1	1
Ministry of Transportation and Infrastructure.....	10	10
Recoveries.....	(151,469)	(186,161)
	<u>1</u>	<u>1</u>

OTHER APPROPRIATIONS
OPERATING EXPENSES BY VOTE
(\$000)

	Estimates 2012/13	Estimates 2013/14
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VOTE 51 — TAX TRANSFERS
(Minister of Finance)

This vote provides for payment of refundable tax credits under the *Income Tax Act*. The BC Family Bonus program expense includes amounts paid to the federal government for administering the program.

OPERATING EXPENSES

Low income Climate Action Tax Credits	190 000	194,000
Sales Tax Credits	328 250	53,000
Small Business Venture Capital Tax Credits	28 000	25,000
Other Personal income Tax Credits	81 500	57,800
BC Family Bonus	4 500	1,400
Film and Television Tax Credits	70 000	70,000
Production Services Tax Credits	217 417	270,500
Scientific Research and Experimental Development Tax Credits	79 154	78,300
Interactive Digital Media Tax Credits	37 917	35,000
Other Corporate income Tax Credits	54 667	50,000
	<u>1 091 405</u>	<u>835,000</u>

OTHER APPROPRIATIONS (\$000)

VOTE 47 Contingencies All Ministries and New Programs

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
General Programs	300,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
General Programs	240 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Climate Action and Clean Energy	40 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2010 Sports and Arts Legacy	20 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	300,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	—	—	—	—	—	—	—	225,000	225,000	—	—	—	—	—	—	225,000
—	—	—	—	—	—	—	—	—	—	—	225 000	225 000	—	—	—	—	—	—	225 000
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	225,000	225,000	—	—	—	—	—	—	225,000

OTHER APPROPRIATIONS (\$000)

VOTE 49 Commissions on Collection of Public Funds

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Commissions on Collection of Public Funds	20,679	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Aboriginal Relations and Reconciliation	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Advanced Education	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Agriculture	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Children and Family Development	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Community Sport and Cultural Development	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Education	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Energy and Mines	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Environment	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Finance	13 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Forests Lands and Natural Resource Operations	1 259	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Health	878	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of International Trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Jobs Tourism and Skills Training	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Justice	5 025	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Natural Gas Development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Social Development and Social Innovation	480	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Technology Innovation and Citizens' Services	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Transportation and Infrastructure	25	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Recoveries	(20,678)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	—	—	—	—	—	—	—	73,231	73,231	—	—	—	—	—	—	73,231
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	2	2	—	—	—	—	—	—	2
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	67 000	67 000	—	—	—	—	—	—	67 000
—	—	—	—	—	—	—	—	—	—	—	1 259	1 259	—	—	—	—	—	—	1 259
—	—	—	—	—	—	—	—	—	—	—	878	878	—	—	—	—	—	—	878
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	2	2	—	—	—	—	—	—	2
—	—	—	—	—	—	—	—	—	—	—	3 585	3 585	—	—	—	—	—	—	3 585
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	480	480	—	—	—	—	—	—	480
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	15	15	—	—	—	—	—	—	15
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	(73,231)	—	(73,231)	(73,230)
—	—	—	—	—	—	—	—	—	—	—	73,232	73,232	—	—	—	(73,231)	—	(73,231)	1

OTHER APPROPRIATIONS (\$000)

VOTE 50 Allowances for Doubtful Revenue Accounts

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Allowances for Doubtful Revenue Accounts	151,470	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Aboriginal Relations and Reconciliation	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Advanced Education	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Agriculture	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Children and Family Development	50	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Community Sport and Cultural Development	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Education	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Energy and Mines	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Environment	600	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Finance	122 200	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Forests Lands and Natural Resource Operations	5 670	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Health	2 871	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of International Trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Jobs Tourism and Skills Training	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Justice	12 030	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Natural Gas Development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Social Development and Social Innovation	8 029	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Technology Innovation and Citizens' Services	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ministry of Transportation and Infrastructure	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Recoveries	(151,469)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	—	—	—	—	—	—	—	186,162	186,162	—	—	—	—	—	—	186,162
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	2	2	—	—	—	—	—	—	2
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	50	50	—	—	—	—	—	—	50
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	400	400	—	—	—	—	—	—	400
—	—	—	—	—	—	—	—	—	—	—	149 600	149 600	—	—	—	—	—	—	149 600
—	—	—	—	—	—	—	—	—	—	—	5 570	5 570	—	—	—	—	—	—	5 570
—	—	—	—	—	—	—	—	—	—	—	6 806	6 806	—	—	—	—	—	—	6 806
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	2	2	—	—	—	—	—	—	2
—	—	—	—	—	—	—	—	—	—	—	12 685	12 685	—	—	—	—	—	—	12 685
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	11 029	11 029	—	—	—	—	—	—	11 029
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	—	—	—	10	10	—	—	—	—	—	—	10
—	—	—	—	—	—	—	—	—	—	—	1	1	—	—	—	(186,162)	—	(186,162)	(186,161)
—	—	—	—	—	—	—	—	—	—	—	186,163	186,163	—	—	—	(186,162)	—	(186,162)	1

VOTE 51 Tax Transfers

OTHER APPROPRIATIONS (\$000)

Description	Total 2012/13 Operating Expenses	50	51	52	54	Total Salaries and Benefits	55	57	59	60	63	65	67	68	69
Personal Tax Transfers	632,250	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Low income Climate Action Tax Credits	190 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sales Tax Credits	328 250	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Small Business Venture Capital Tax Credits	28 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Personal income Tax Credits	81 500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BC Family Bonus	4 500	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Corporate Tax Transfers	459,155	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Film and Television Tax Credits	70 000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Production Services Tax Credits	217 417	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Scientific Research and Experimental Development Tax Credits	79 154	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interactive Digital Media Tax Credits	37 917	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Corporate income Tax Credits	54 667	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1,091,405	—	—	—	—	—	—	—	—	—	—	—	—	—	—

70	72	73	75	Total Operating Costs	77	79	80	Total Govt Transfers	81	83	85	Total Other Expenses	86	88	Total Internal Recoveries	89	90	Total External Recoveries	Total 2013/14 Operating Expenses
—	—	—	—	—	—	331,200	—	331,200	—	—	—	—	—	—	—	—	—	—	331,200
—	—	—	—	—	—	194 000	—	194 000	—	—	—	—	—	—	—	—	—	—	194 000
—	—	—	—	—	—	53 000	—	53 000	—	—	—	—	—	—	—	—	—	—	53 000
—	—	—	—	—	—	25 000	—	25 000	—	—	—	—	—	—	—	—	—	—	25 000
—	—	—	—	—	—	57 800	—	57 800	—	—	—	—	—	—	—	—	—	—	57 800
—	—	—	—	—	—	1 400	—	1 400	—	—	—	—	—	—	—	—	—	—	1 400
—	—	—	—	—	—	503,800	—	503,800	—	—	—	—	—	—	—	—	—	—	503,800
—	—	—	—	—	—	70 000	—	70 000	—	—	—	—	—	—	—	—	—	—	70 000
—	—	—	—	—	—	270 500	—	270 500	—	—	—	—	—	—	—	—	—	—	270 500
—	—	—	—	—	—	78 300	—	78 300	—	—	—	—	—	—	—	—	—	—	78 300
—	—	—	—	—	—	35 000	—	35 000	—	—	—	—	—	—	—	—	—	—	35 000
—	—	—	—	—	—	50 000	—	50 000	—	—	—	—	—	—	—	—	—	—	50 000
—	—	—	—	—	—	835,000	—	835,000	—	—	—	—	—	—	—	—	—	—	835,000

Performance Results Summary Table

Goal 1: Sound and transparent management of government finances. For greater detail see pages 14 to 17		2012/13 Target	2012/13 Actual
1.1 Effective management of government's fiscal plan			
Provincial credit rating		Aaa	Aaa ACHIEVED
Budget deficit / surplus		\$968M	\$1.146B NOT ACHIEVED
1.2 Accountable, efficient and transparent financial and program management across government			
Release date of the <i>Budget</i>		February 19, 2013	February 19, 2013 ACHIEVED
Release date of the <i>Public Accounts</i> ⁴		On or before June 30, 2013	TBA
Audit opinion ⁵		Public Accounts in compliance with GAAP	TBA

⁴ This measure will be considered substantially achieved if the *Public Accounts* are released within 10 business days of the target date. The legislated due date for the release of the *Public Accounts* is August 31st for the previous fiscal year.

⁵ This measure will be considered substantially achieved if the Office of the Auditor General provides a qualified but positive opinion of the *Public Accounts*.

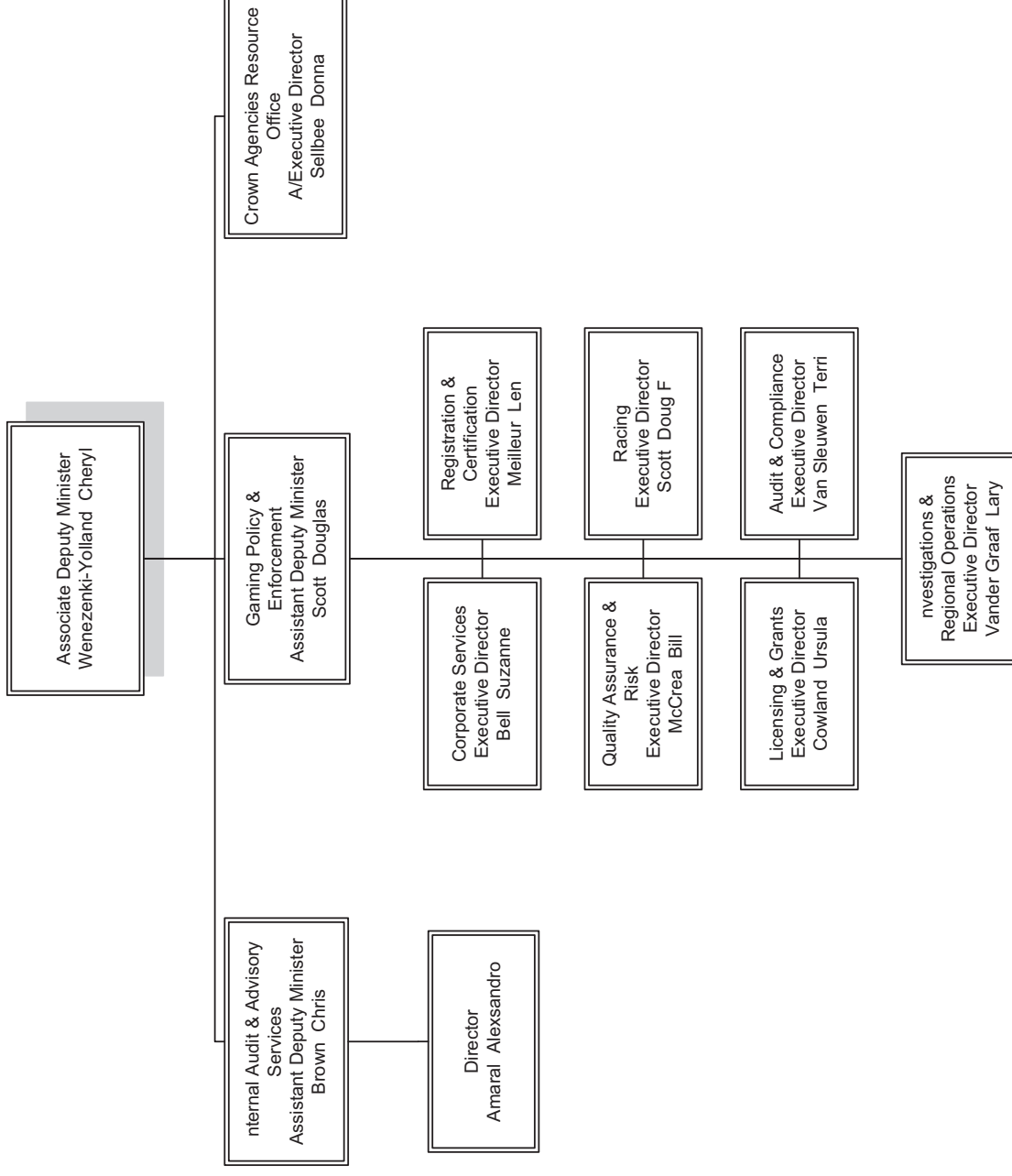
Goal 2: A strong, competitive and vibrant economy For greater detail see pages 17 to 20	2012/13 Target	2012/13 Actual
2.1 A fair and competitive tax and regulatory environment		
Provincial ranking of corporate income tax rates	Remain in the lowest four	Lowest ⁶ Achieved
Provincial ranking of personal income tax rates for the bottom tax bracket	Remain in the lowest two	Second Lowest Achieved
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	Remain in the lowest two	Lowest Achieved
2.2 Responsible, effective and fair revenue, tax and benefit administration that funds provincial programs and services		
Per cent of amounts owed to government paid or collected ⁷	94.45% ⁸	92.76%* Substantially Achieved

⁶ British Columbia tied with Alberta and New Brunswick for the lowest general corporate income tax rate among Canadian provinces.

⁷ This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities. As a result of the transition to HST, which is administered by the Canada Revenue Agency, this measure currently does not include Provincial Sales Tax (PST). When the PST is fully reinstated as of April 1, 2013, the Ministry will include it in this measure.

⁸ Target is considered 'substantially met' if performance is at least 95% of target.

**Associate Deputy Minister
Ministry of Finance**





GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF ENERGY, MINES AND NATURAL GAS
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE BC LOTTERY CORPORATION
(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 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 and is intended to promote a co-operative working relationship.

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 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

Government has provided the following mandate direction to the British Columbia Lottery Corporation under the *Gaming Control Act (2002)*:

- Conduct, manage and operate lottery gaming;
- Conduct, manage and operate casino gaming;
- Conduct, manage and operate commercial bingo gaming; and,
- Conduct, manage and operate internet gaming.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Operate the gaming business within the social policy framework established by Government and in alignment with the Corporation's social responsibility objectives, building public trust and support in a manner consistent with the Province's Responsible Gambling Strategy. Continue to support the joint responsibility between the Corporation and the regulatory agency, the Gaming Policy and Enforcement Branch, for delivery of the Strategy.
- Operate within the Province's legislative and regulatory framework, and comply with policies, directives and standards that may be issued from time to time by the Minister of Energy, Mines and Natural Gas or the Gaming Policy and Enforcement Branch.
- Enhance the Corporation's anti-money laundering compliance programs, including the continued implementation of measures to move the industry away from a cash basis, and other strategies in the Province's Anti-Money Laundering Action Plan.
- Optimize the Corporation's financial performance, within the gaming framework established by Government, by responding to customer and marketplace demands for the distribution of products and services and proposing new revenue opportunities as they arise; and,
- Optimize the performance, security, integrity and efficiency of the Corporation through the modernization of infrastructure, process and technology.

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:
 - increased funding from Government,
 - reductions in service, or
 - 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 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 relevant 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:

- Preserve the right to provide broad policy direction on gaming, while empowering the Corporation to implement policies, standards and guidelines that allow it to operate in a business-like manner within the legislative and policy structure for gaming established by Government;
- Continue the Gaming Policy and Enforcement Branch as the agency of Government responsible for the regulation of all gaming and horse racing within the province, while ensuring that within the gaming framework, the Corporation is able to implement its mandate and operate in a business-like manner;
- Establish mechanisms to manage Government's proceeds from gaming and work with the Corporation to communicate to the public how proceeds benefit British Columbians;
- Establish policy and funding mechanisms for programs to address problem and responsible gambling and inform the Corporation's activities in this area, and will provide the Corporation with Government's plan for responsible gambling; and,
- Issue directives or orders, or sponsor submissions on behalf of the Corporation, that may be required to seek decisions or policy direction by the Executive Council or its committees, to aid the Corporation in fulfilling its mandate and achieving the performance targets in its Service Plan.

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.

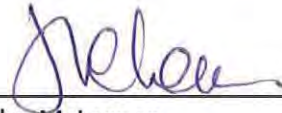
The Corporation will post the most recent signed copy of the Government's Letter of Expectations on its website and the Crown Agencies Resource Office will post a signed copy of the Letter on its website.

REVIEW AND REVISION OF THIS LETTER

The Minister of Energy, Mines and Natural Gas 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 Rich Coleman
Minister of Energy, Mines and Natural Gas
and Deputy Premier



John McLernon
Chair, British Columbia Lottery
Corporation

DEC 19 2012

Date

Dec 7 2012

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

Lori Wanamaker
Deputy Solicitor General
Ministry of Justice

Michael Graydon
Chief Executive Officer
British Columbia Lottery Corporation

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy Enforcement Branch
Ministry of Energy, Mines and Natural Gas



GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF FINANCE
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE BRITISH COLUMBIA SECURITIES COMMISSION
(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 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 and is intended to promote a co-operative working relationship.

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 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

Government has provided the following mandate direction to British Columbia Securities Commission under the *Securities Act*:

To protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence; and
- A dynamic and competitive securities industry that provides investment opportunities and access to capital.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Work with other provinces and territories to strengthen investor protection and the Canadian regulatory framework;
- Make best efforts to streamline, simplify, and harmonize securities laws with other provinces and territories; and
- Assist the provincial government in continuing to cooperate with the federal government's development of a common securities regulatory framework for consideration by governments (Common Regulator Initiative).

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:
 - increased funding from Government,
 - reductions in service, or
 - 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 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 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:

- Work with other interested provinces and territories and the federal government on the Common Regulator Initiative;
- Support new opportunities to strengthen investor protection and the Canadian securities regulatory framework; and
- Make best efforts to further develop highly harmonized and streamlined securities laws.

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 Finance 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 Michael de Jong, Q.C.
Minister of Finance and
Deputy Premier
Brenda Leong
Chair and CEO, British Columbia
Securities Commission

Nov. 29, 2012
Date

Dec. 7, 2012
Date

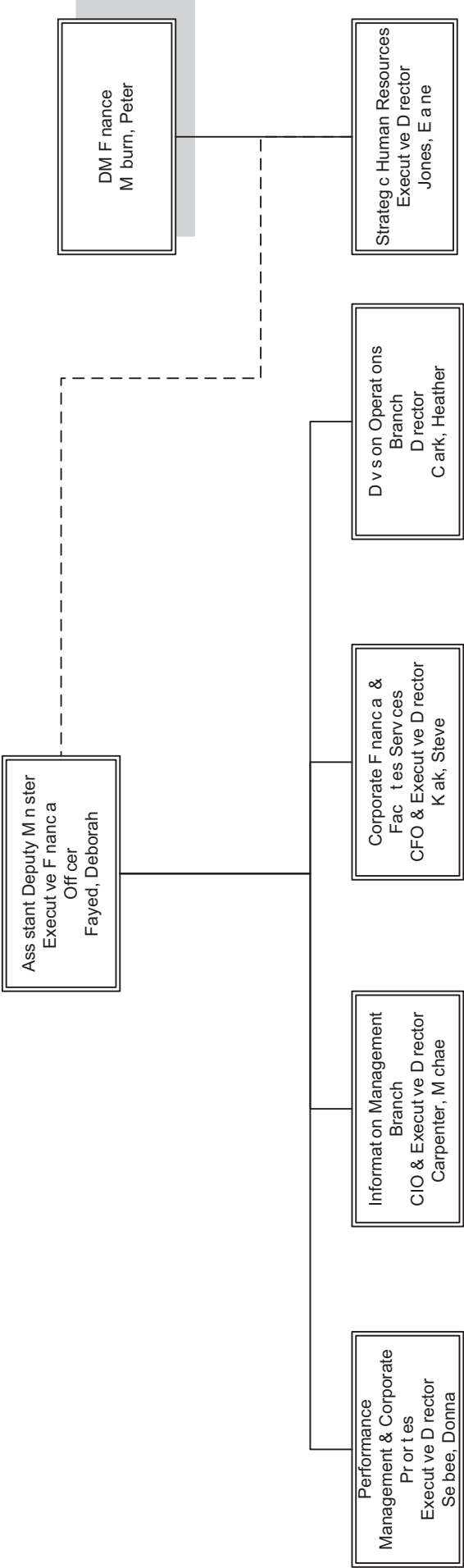
cc. Honourable Christy Clark
Premier

John Dyble
Deputy Minister to the Premier and Cabinet Secretary

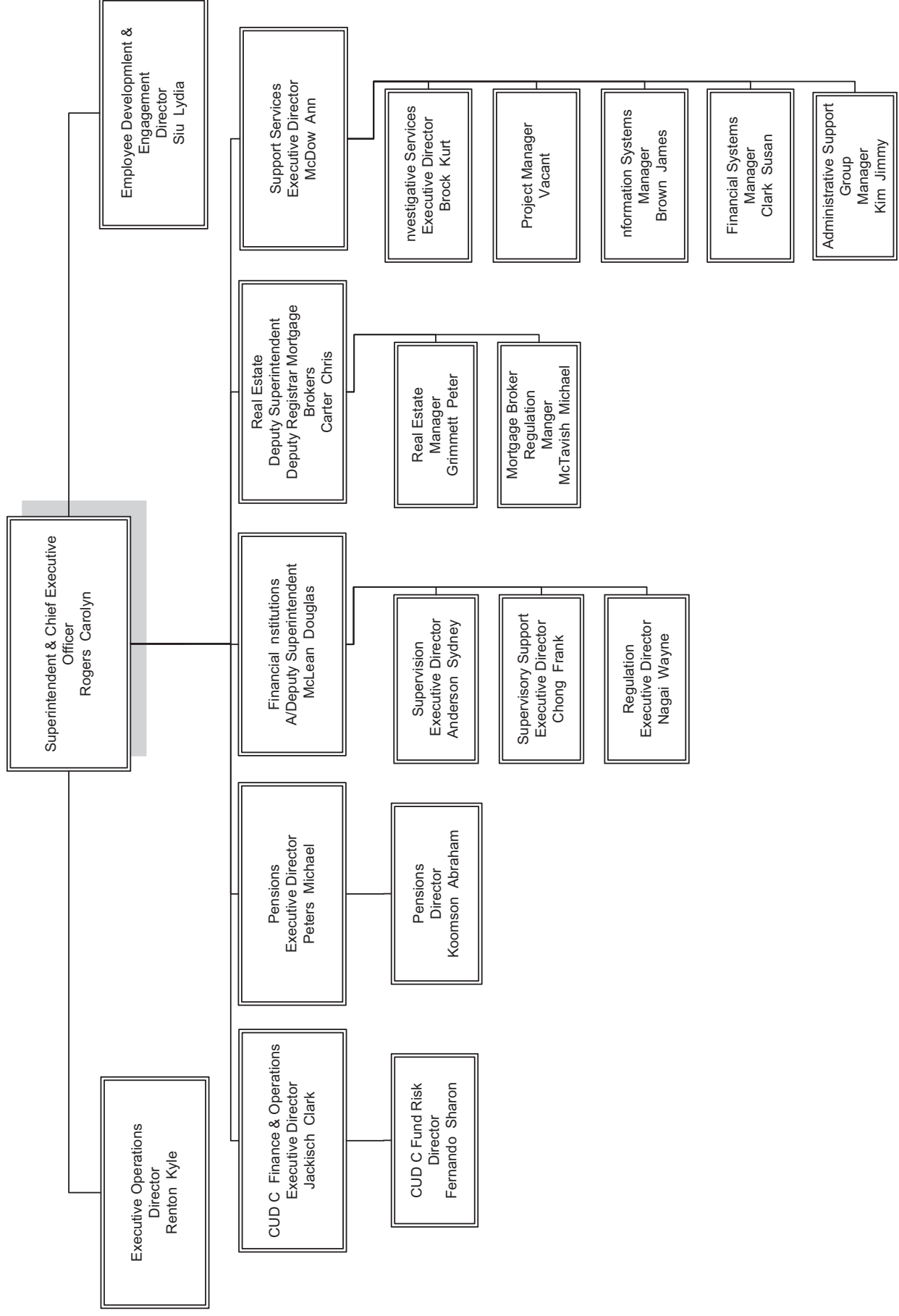
Crown Agencies Resource Office
Ministry of Finance

A/Execut ve D rector
Se bee, Donna

Corporate Services Division
Ministry of Finance



Financial Institutions Commission



Pages 78 through 149 redacted for the following reasons:

s3 publicly available

Ministry of Finance

Capital Budget Summary for 2013/14

Vote 22- Ministry Operations (Finance) and Special Accounts

The Ministry Capital Budget decreased from the 2012/13 restated budget of \$9.655M (including Insurance and Risk Management) to \$7.995 in the 2013/14 budget. The Ministry capital budget is held centrally in Executive and Support Services.

The \$1.66 million dollar variance can be attributed to the following:

- Capital funding requirements fluctuate annually in support of the government's operational and strategic priorities.
- Lower approved capital funding in 2013/14 for PST Re-implementation at the time of the Estimates build.

Core Business	Restated 2012/13	2013/14 Estimate	Variance 2013/14 to Restated 2012/13
Executive and Support Services	9,655,000	7,995,000	-1,660,000
Total	9,655,000	7,995,000	-1,660,000

The following projects are approved for Capital funding for 2013/14. The majority of the approved capital funding is for capital projects to support the return to PST.

Vote 22 - Project Name	2013/14
TACS V9 (PST Re-implementation) ¹	7,020,000
ASD Contract Management	690,000
IVOS-Risk Management System	166,000
NUIX Forensic Data Recovery Software	20,000
Office Equipment	15,000
Vehicles Capital Lease	84,000
Total Approved	7,995,000

¹The TACS V9 capital budget is comprised of \$5.56M from Transformation & Technology Funding Envelope and \$1.46M reallocated from the FY 11/12 budget for RMS MSP Phase 2 project.

Vote 23 – Gaming Policy and Enforcement

Core Business	Restated 2012/13	2013/14 Estimate	Variance 2013/14 to Restated 2012/13
Gaming Policy and Enforcement Operations	750,000	23,000	-727,000
Total	750,000	23,000	-727,000

The capital budget decreased from the restated 2012/13 budget of \$0.750M to \$0.023M as the IT project, GAME (Gaming On-Line System Application Migration and Enhancement) nears completion.

**MINISTRY OF FINANCE
SUB VOTE BUDGET DETAILS
Fiscal 2013-14**

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**MINISTRY OF FINANCE
TREASURY BOARD STAFF
IMPLICATIONS OF 2013/14 FUNDING**

Compared to its restated 2012/13 budget of \$6.738M, the division's net budget decreased by \$0.029M or 0.4% to \$6.709M.

Highlights include:

- Slight decrease of \$0.029M in operating expenditures driven by lower IT costs and office/business expenses.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

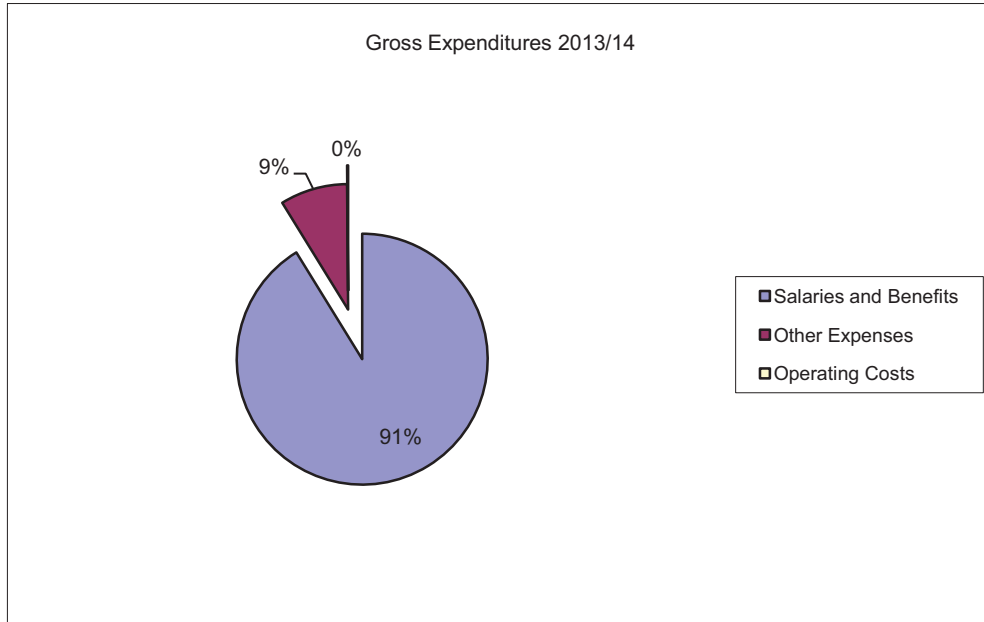
Reductions/Increases for 2014/15 and 2015/16

The budget for Treasury Board Staff will remain unchanged at \$6.709M in both 2014/15 and 2015/16.

**MINISTRY OF FINANCE
TREASURY BOARD STAFF**

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	6,239	6,239	0	0.0%
Operating Costs	622	593	-29	-4.7%
Other Expenditures	9	9	0	0.0%
Recoveries Internal to CRF	-125	-125	0	0.0%
Recoveries External to CRF	-7	-7	0	0.0%
Total	6,738	6,709	-29	-0.4%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
OFFICE OF THE COMPTROLLER GENERAL
IMPLICATIONS OF 2013/14 FUNDING**

Compared to the restated 2012/13 budget, the division's net budget remained unchanged at \$5.931M in 2013/14.

Highlights include:

- Reduction in Corporate Services Secretariat (CSS) gross operating budget and corresponding recoveries by \$0.240M based on current business requirements. This results in NIL effect on net budget.
- Reduction in Corporate Operations gross operating budget and corresponding recoveries by \$0.740M, resulting in NIL effect on net budget.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

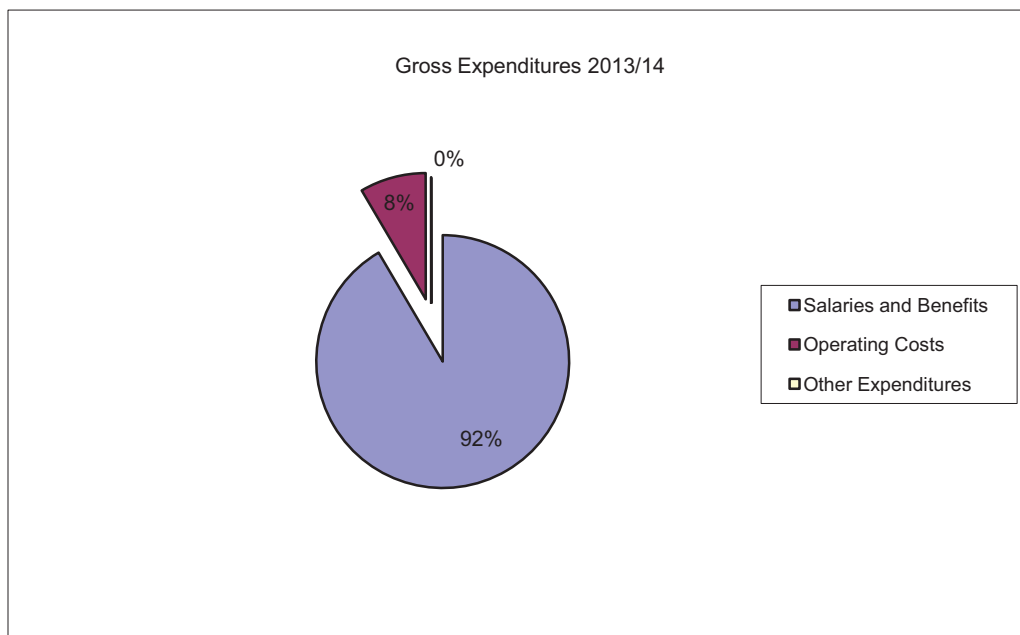
Reductions/Increases for 2014/15 and 2015/16

The budget for the Office of the Comptroller General will remain unchanged at \$5.931M in both 2014/15 and 2015/16.

**MINISTRY OF FINANCE
OFFICE OF THE COMPTROLLER GENERAL**

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	6,259	6,259	0	0.0%
Operating Costs	578	578	0	0.0%
Other Expenditures	980	1	-979	-99.9%
Recoveries Internal to CRF	-1,885	-905	980	-52.0%
Recoveries External to CRF	-1	-2	-1	100.0%
Total	5,931	5,931	0	0.0%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
PROVINCIAL TREASURY
IMPLICATIONS OF 2013/14 FUNDING**

Provincial Treasury is a fully cost recovered sub vote (\$1K Vote). There is no change to the division's net 2013/14 budget. However, the division's gross budget and offsetting recoveries have increased by \$0.423M compared to the 2012/13 restated budget.

Highlights include:

- Increased other expenditures (\$1.323M) primarily due to increase in credit card activity and banking fees, largely driven by volume.
- Partially offset by lower operating costs (\$0.923M) due to completion of an information system upgrade project in FY12/13.
- Increased total recoveries (\$0.423M) are primarily driven by the volume of credit card usage.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

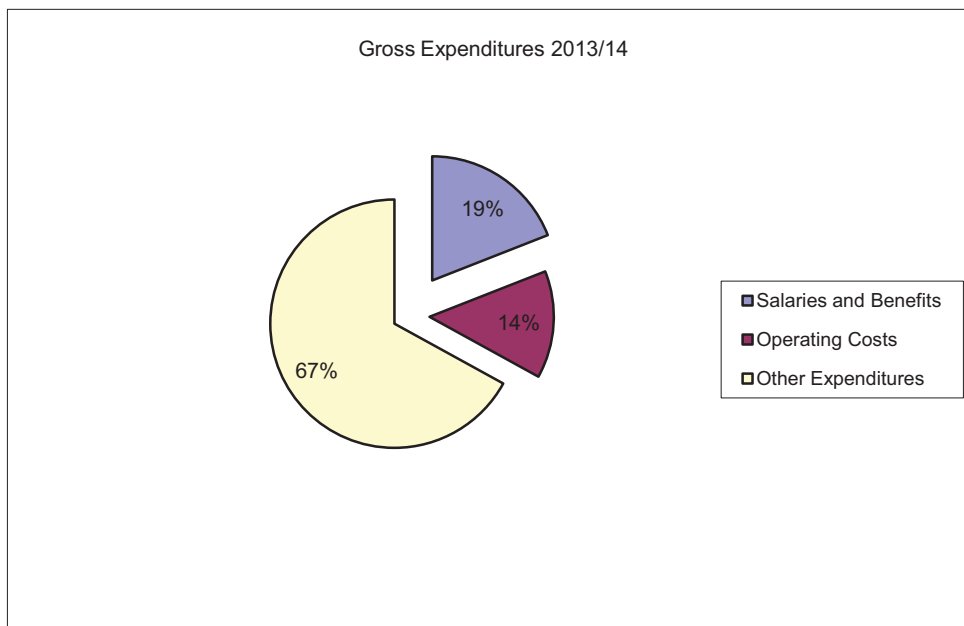
Reductions/Increases for 2014/15 and 2015/16

Compared to 2013/14, the division's gross and net budgets will remain unchanged in both 2014/15 and 2015/16.

**MINISTRY OF FINANCE
PROVINCIAL TREASURY**

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	7,902	7,902	0	0.0%
Operating Costs	6,688	5,788	-900	-13.5%
Other Expenditures	26,470	27,793	1,323	5.0%
Recoveries Internal to CRF	-11,643	-10,743	900	-7.7%
Recoveries External to CRF	-29,416	-30,739	-1,323	4.5%
Total	1	1	0	0.0%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
REVENUE DIVISION
IMPLICATIONS OF 2013/14 FUNDING**

Compared to its restated 2012/13 budget of \$67.341M, the division's net budget decreased by \$1.275M or 1.9% to \$66.066M in 2013/14.

Highlights include:

- Reduction largely driven by previous adjustments for transition to HST which have not been fully restored (\$9.7M)
- Additional budget reduction in operating expenses due to administrative efficiencies implemented within the division (\$1.7M)
- Reductions partially offset by the Division receiving a base budget lift for the Student Loans program, due to a higher loan provision resulting from an actuarial assessment. Both the bad debt expense (by \$16.99M) and student loans interest recoveries (by \$6.72M) were increased to partially manage the pressure. The net result is a budget lift of \$10.27M.
- Increase in MSP program related gross expenditures and corresponding recoveries to better align with the actual costs of MSP collection activities. Net nil effect on overall budget.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

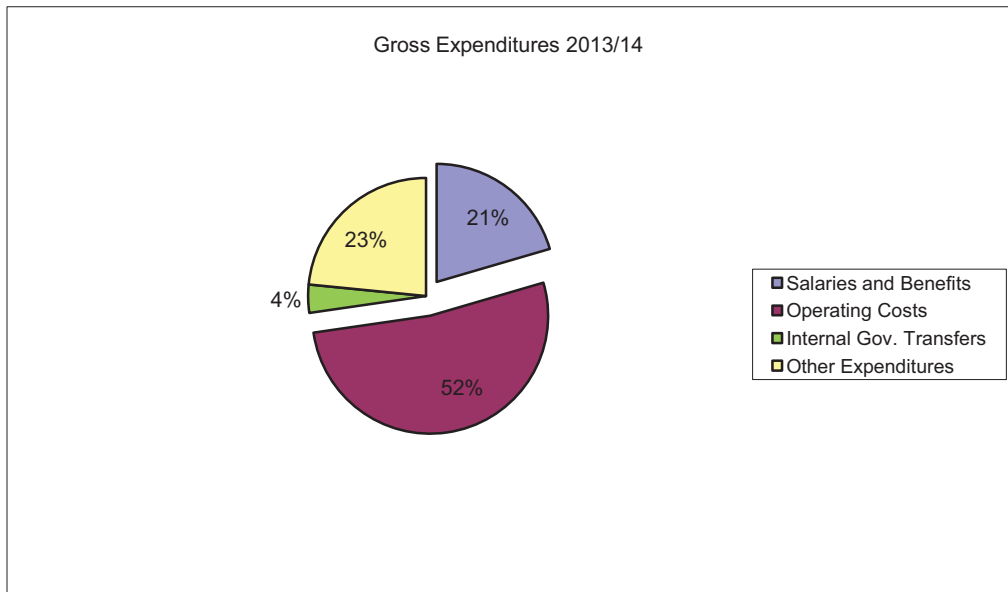
Reductions/Increases for 2014/15 and 2015/16

The division's budget will decrease by \$1.5M in both 2014/15 and 2015/16, compared to 2013/14 due to lower costs anticipated for the Student Loans program.

**MINISTRY OF FINANCE
REVENUE DIVISION**

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	42,889	42,130	-759	-1.8%
Operating Costs	73,850	107,476	33,626	45.5%
Internal Government Transfers	8,940	7,940	-1,000	-11.2%
Other Expenditures	29,220	48,216	18,996	65.0%
Recoveries Internal to CRF	-1,466	-1,466	0	0.0%
Recoveries External to CRF	-86,092	-138,230	-52,138	60.6%
Total	67,341	66,066	-1,275	-1.9%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
POLICY AND LEGISLATION
IMPLICATIONS OF 2013/14 FUNDING**

Policy and Legislation (sub-sub vote)

Compared to the restated 2012/13 budget of \$5.014M, the Policy and Legislation net budget decreased by \$0.04M or 0.8%.

Highlights include:

- \$0.027M decrease in office and business expenses.
- \$0.013M decrease in contract costs.

Financial Institutions Commission (FICOM) (sub-sub vote)

The Financial Institutions Commission is a fully cost recovered sub-vote (\$1K Vote), and therefore, no change in the net 2013/14 budget. FICOM's gross budget increased by \$5.33M, to reflect growth and changes implemented at FICOM to improve supervisory practices in BC.

Highlights include:

- Increase salaries and benefits costs (\$2.385M) required to support the regulatory and supervisory focus of the commission.
- Higher operational costs (\$2.535M), mostly professional services and IT costs.
- Increase in external recoveries fully offsets the higher operating costs.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

Reductions/Increases for 2014/15 and 2015/16

Compared to 2013/14, the Policy and Legislation sub-sub-vote will remain unchanged in both 2014/15 and 2015/16.

The Financial Institutions Commission's gross budget will remain unchanged in both 2014/15 and 2015/16.

**MINISTRY OF FINANCE
POLICY AND LEGISLATION**

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
POLICY AND LEGISLATION				
Salaries and Benefits	4,505	4,505	0	0.0%
Operating Costs	1,531	1,491	-40	-2.6%
Other Expenditures	294	294	0	0.0%
Recoveries Internal to CRF	-1,165	-1,165	0	0.0%
Recoveries External to CRF	-151	-151	0	0.0%
Total	5,014	4,974	-40	-0.8%

Capital	0	0	0	0.0%
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FINANCIAL INSTITUTIONS COMMISSION

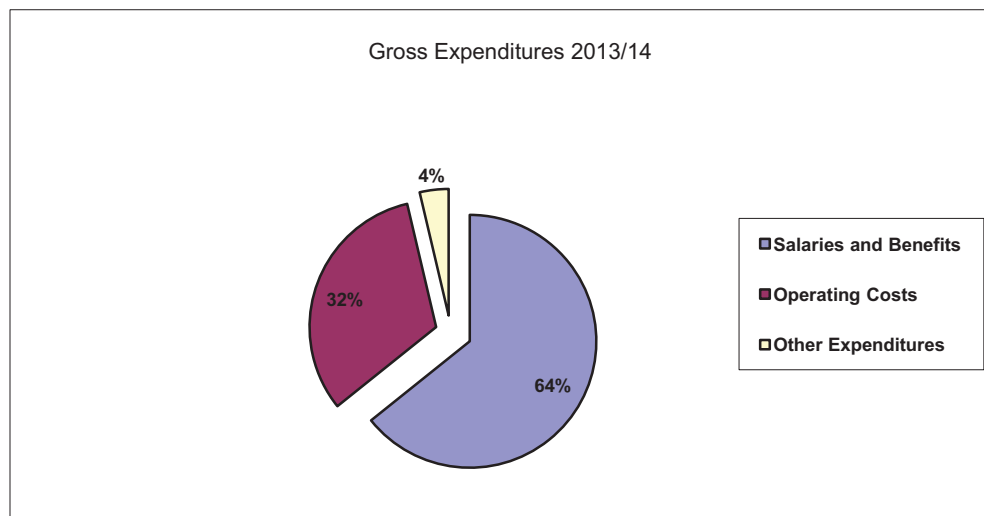
Salaries and Benefits	7,975	10,360	2,385	29.9%
Operating Costs	3,395	5,930	2,535	74.7%
Other Expenditures	151	558	407	269.5%
Recoveries Internal to CRF	0	0	0	0.0%
Recoveries External to CRF	-11,520	-16,847	-5,327	46.2%
Total	1	1	0	0.0%

Capital	0	0	0	0.0%
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**TOTAL EXPENDITURE BY GROUP ACCOUNT CLASSIFICATION
(Division)**

Salaries and Benefits	12,480	14,865	2,385	19.1%
Operating Costs	4,926	7,421	2,495	50.6%
Other Expenditures	445	852	407	91.5%
Recoveries Internal to CRF	-1,165	-1,165	0	0.0%
Recoveries External to CRF	-11,671	-16,998	-5,327	45.6%
Total	5,015	4,975	-40	-0.8%

Capital	0	0	0	0.0%
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MINISTRY OF FINANCE
Public Sector Employers' Council Secretariat
IMPLICATIONS OF 2013/14 FUNDING

Public Sector Employers' Council Secretariat (PSEC) budget for 2013/14 remained unchanged from the restated 2012/13 budget at \$16.640M.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

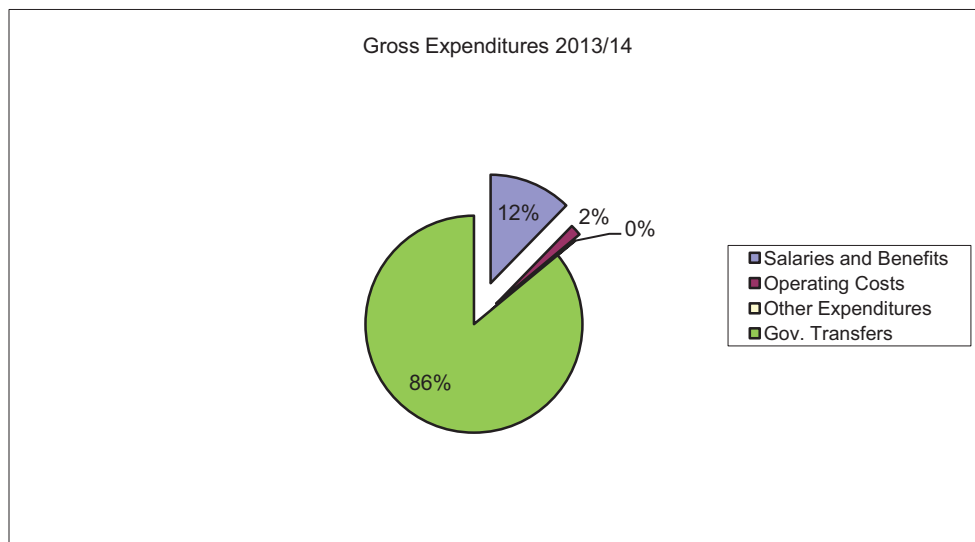
Reductions/Increases for 2014/15 and 2015/16

PSEC net budget will remain status quo for 2014/15 and 2015/16.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	2,047	2,047	0	0.0%
Operating Costs	279	279	0	0.0%
Government Transfers	14,324	14,324	0	0.0%
Other Expenditures	10	10	0	0.0%
Recoveries Internal to CRF	0	0	0	0.0%
Recoveries External to CRF	-20	-20	0	0.0%
Total	16,640	16,640	0	0.0%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
INTERNAL AUDIT AND ADVISORY SERVICES
IMPLICATIONS OF 2013/14 FUNDING**

Budget was transferred out of the Office of the Comptroller General to create a separate sub-vote for Internal Audit and Advisory Services (IAAS) in 2013/14. IAAS falls under the responsibility of the Associate Deputy Minister.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

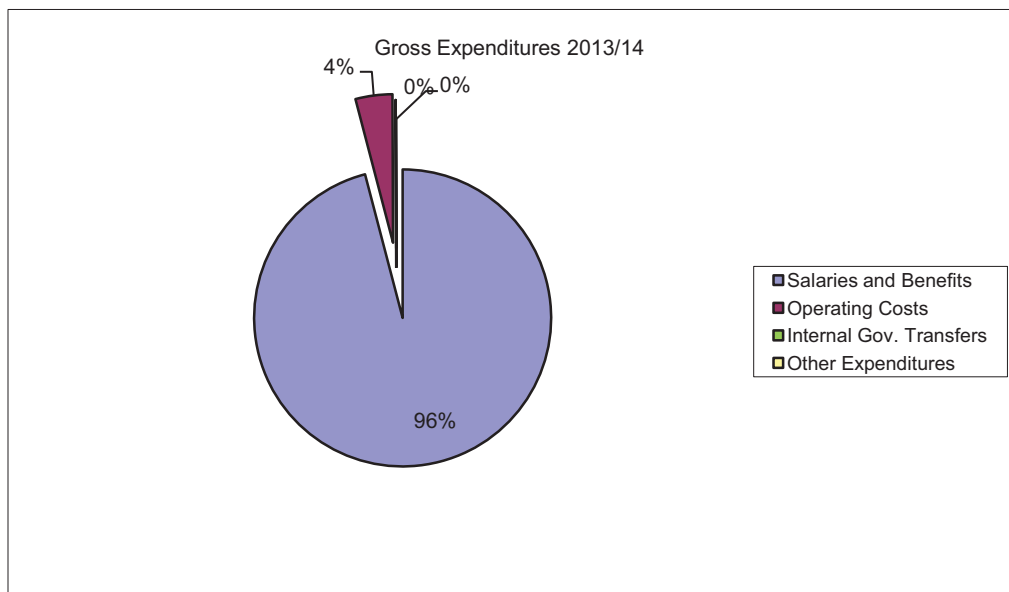
Reductions/Increases for 2014/15 and 2015/16

IAAS net budget will remain status quo for 2014/15 and 2015/16.

MINISTRY OF FINANCE
INTERNAL AUDIT AND ADVISORY SERVICES

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2012/13 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	3,177	3,177	0	0.0%
Operating Costs	133	133	0	0.0%
Internal Government Transfers	0	0	0	0.0%
Other Expenditures	1	2	1	100.0%
Recoveries Internal to CRF	-755	-755	0	0.0%
Recoveries External to CRF	-149	-150	-1	0.7%
Total	2,407	2,407	0	0.0%
Capital	0	0	0	0.0%



**MINISTRY OF FINANCE
EXECUTIVE AND SUPPORT SERVICES
IMPLICATIONS OF 2013/14 FUNDING**

Compared to its restated 2012/13 budget of \$13.136M, the division's net budget decreased by \$0.986M or 7.5% to \$12.150M.

Executive and Support Services comprises of two divisions: the Minister's Office and Corporate Services. The Corporate Services division includes the Deputy Minister's Office, Government House, Corporate Services Division (Strategic Human Resources, Information Management Branch, Performance Management and Corporate Priorities Branch, Corporate Financial and Facilities Services, Divisional Operations Branch) and Crown Agency Resources Office.

Minister's Office

- The Minister's Office net budget increased by \$0.144M as a result of a cross-government budget reallocation to reflect changes in the Ministers' responsibilities.

Corporate Services

- The Corporate Services net budget decreased by \$1.132M due to lower than anticipated operating costs primarily in amortization expense (\$1.0M) and IT costs (\$0.1M).

CRF Capital Budget

The ministry's capital budget of \$7.995M is centrally held under Executive and Support Services. This figure reflects a decrease of \$1.66M from the restated 2012/13 budget. The capital budget is utilized for various legislated and ministry systems. The majority of the funding is for capital projects to support the PST re-implementation.

Reductions/Increases for 2014/15 and 2015/16

Compared to 2013/14, the Minister's Office budget will slightly increase by \$0.005M in 2014/15 and \$0.007M in 2015/16.

Compared to 2013/14, the Corporate Services budget will remain unchanged in both out years.

MINISTRY OF FINANCE
EXECUTIVE AND SUPPORT SERVICES

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates \$000	2013/14 Estimates \$000	Increase (Decrease) \$000	Increase (Decrease) %
MINISTER'S OFFICE				
Salaries and Benefits	457	600	143	31.3%
Operating Costs	57	57	0	0.0%
Other Expenditures	23	24	1	4.3%
Total	537	681	144	26.8%

Capital	0	0	0	0.0%
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CORPORATE SERVICES

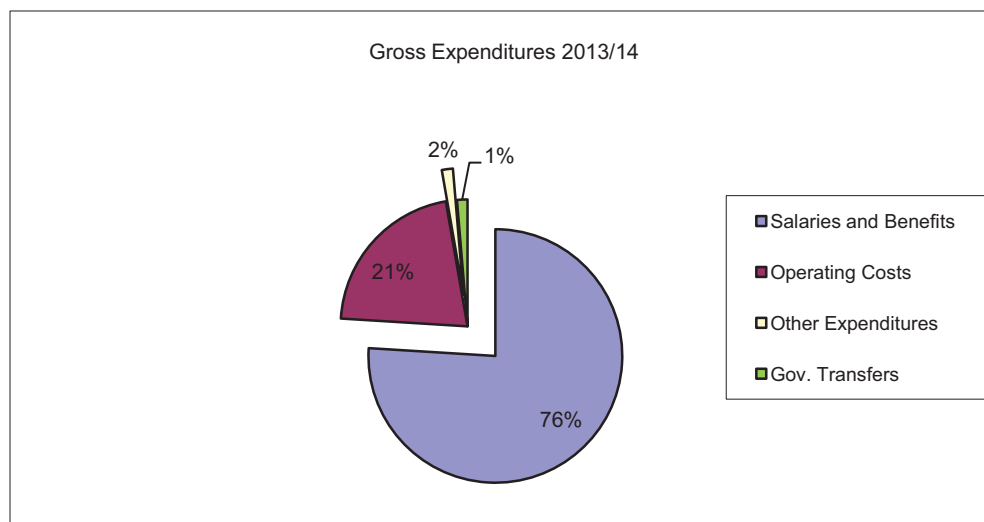
Salaries and Benefits	9,095	9,097	2	0.0%
Operating Costs	3,790	2,658	-1,132	-29.9%
Government Transfers	170	170	0	0.0%
Other Expenditures	156	156	0	0.0%
Recoveries Internal to CRF	-610	-610	0	0.0%
Recoveries External to CRF	-2	-2	0	0.0%
Total	12,599	11,469	-1,130	-9.0%

Capital	9,655	7,995	-1,660	-17.2%
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TOTAL EXPENDITURE BY GROUP ACCOUNT CLASSIFICATION

Salaries and Benefits	9,552	9,697	145	1.5%
Operating Costs	3,847	2,715	-1,132	-29.4%
Government Transfers	170	170	0	0.0%
Other Expenditures	179	180	1	0.6%
Recoveries Internal to CRF	-610	-610	0	0.0%
Recoveries External to CRF	-2	-2	0	0.0%
Total	13,136	12,150	-986	-7.5%

Capital	9,655	7,995	-1,660	-17.2%
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**MINISTRY OF FINANCE
INSURANCE AND RISK MANAGEMENT
IMPLICATIONS OF 2013/14 FUNDING**

Insurance and Risk Management (IRMA) net budget for 2013/14 remained unchanged from the restated 2012/13 budget.

CRF Capital Budget

The ministry's capital budget is centrally held under Executive and Support Services.

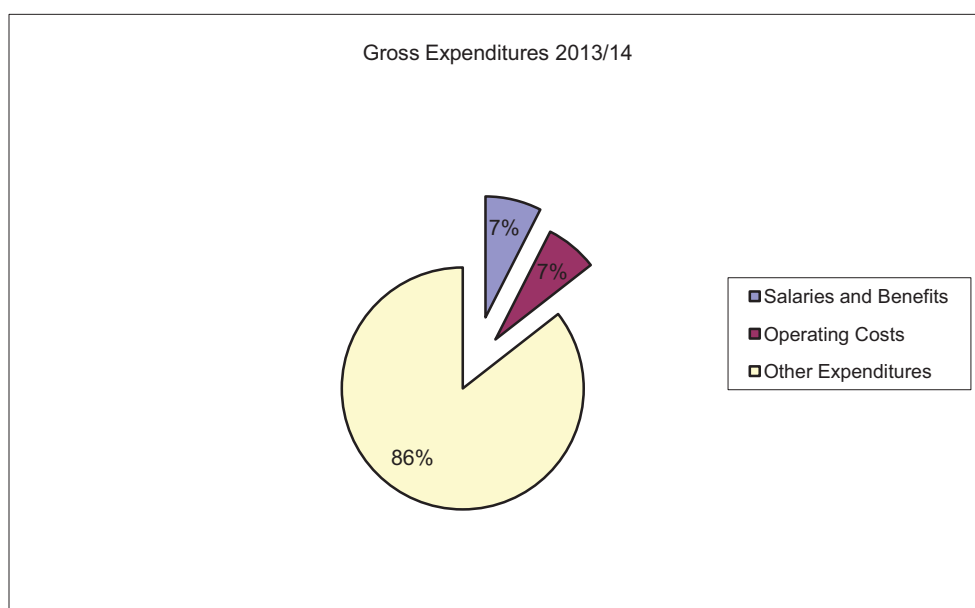
Reductions/Increases for 2014/15 and 2015/16

Insurance and Risk Management net budget will remain status quo for 2014/15 and 2015/16.

MINISTRY OF FINANCE
INSURANCE AND RISK MANAGEMENT

Group Account Classification by Sub Sub Vote

	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	4,009	4,015	6	0.1%
Operating Costs	3,740	3,734	-6	-0.2%
Other Expenditures	45,873	45,873	0	0.0%
Recoveries Internal to CRF	-47,080	-47,080	0	0.0%
Recoveries External to CRF	-2,351	-2,351	0	0.0%
Total	4,191	4,191	0	0.0%
Capital	0	0	0	0.0%



MINISTRY OF FINANCE
Gaming Policy and Enforcement (Vote 23)
IMPLICATIONS OF 2013/14 FUNDING

Compared to the 2012/13 restated budget of \$18.377M, the budget for Gaming Policy and Enforcement (Vote 23) increased by \$1.442M or 7.8% to \$19.819M.

Highlights include:

- Increase of \$0.122M in salaries and benefits due to reallocation of funding from operating costs for cooperative gains.
- Increase of \$4.1M in government transfers due to increase in grants to the horse racing industry, and a responsible gaming budget lift for transfers to service providers.
- Increase of \$2.8M in external recoveries primarily due to an increase in recoveries for on track slot revenue from two horse racing venues.

CRF Capital Budget

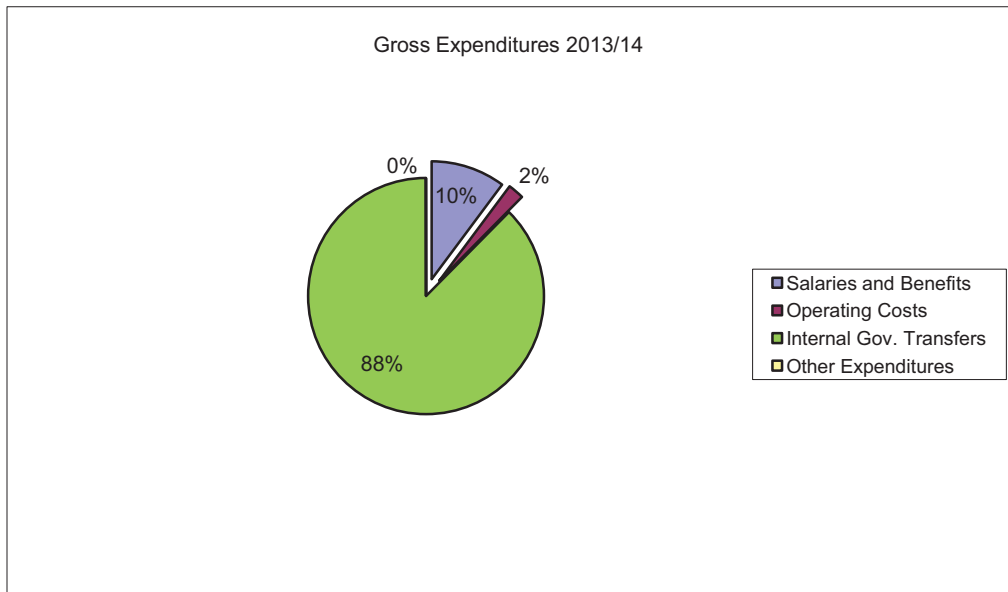
Compared to the 2012/13 restated budget of \$0.750M, the capital budget decreased by \$0.727M or 96.9% to \$0.023M. Less funding required as the primary capital project, GOS Application Migration and Enhancement (GAME), is nearly completed.

Reductions/Increases for 2014/15 and 2015/16

Compared to 2013/14, the net budget remains unchanged in both 2014/15 and 2015/16.

MINISTRY OF FINANCE
Gaming Policy and Enforcement (Vote 23)

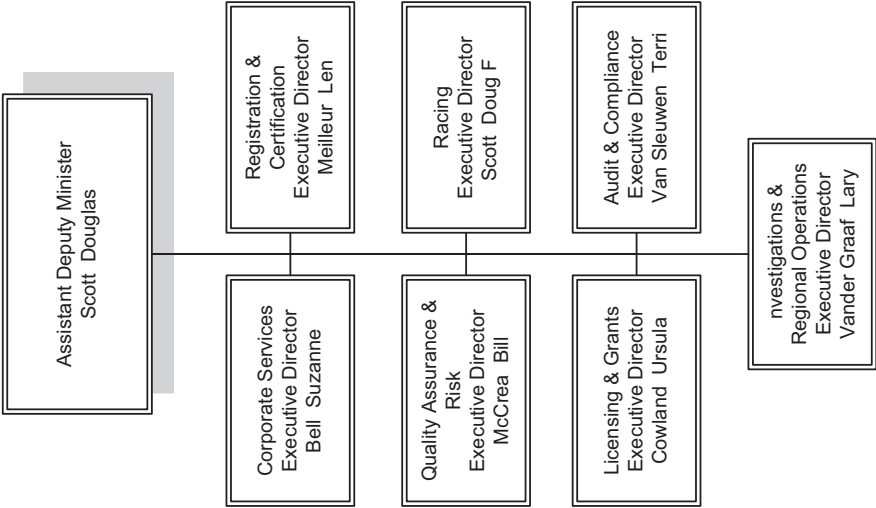
	Restated 2012/13 Estimates	2013/14 Estimates	Increase (Decrease)	Increase (Decrease)
	\$000	\$000	\$000	%
Salaries and Benefits	12,992	13,114	122	0.9%
Operating Costs	2,825	2,845	20	0.7%
Government Transfers	108,605	112,705	4,100	3.8%
Other Expenditures	27	27	0	0.0%
Recoveries Internal to CRF	0	0	0	0.0%
Recoveries External to CRF	-106,072	-108,872	-2,800	2.6%
Total	18,377	19,819	1,442	7.8%
Capital	750	23	-727	-96.9%



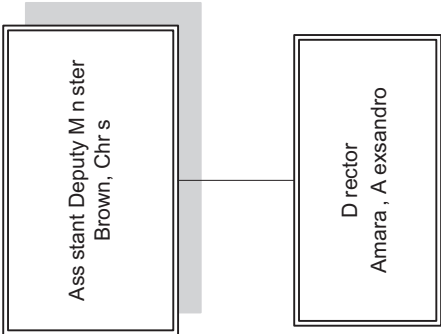
Ministry of Finance
Fiscal 2012/13 and 2013/14 Budget Variance by STOB

STOB	Description	Restated Estimates 2012/13	Estimates 2013/14 (June 2013)	Variance \$	Variance %	Comments
50EA	Base Salaries and Overtime	75,923,000	76,763,000	840,000	1.11	Salaries adjusted to reflect FICOM business needs. Increase partially offset by anticipated attrition and recruitment lag.
51EA	Supplementary Salary Costs	1,026,000	1,005,000	21,000	2.05	Anticipated maternity/parental leave requirements based on recent trends.
5298	Employee Benefits Chargeback	17,464,000	18,420,000	956,000	5.47	Benefits adjusted to reflect FICOM business needs and benefit charge back rate increase (from 23% to 24%)
52EA	Employee Benefits	90,000	91,000	1,000	1.11	
54EA	Legislative Salaries & Indemnities	51,000	52,000	1,000	1.96	
55EA	Boards/Commissions/Courts Fees & Expenses	25,000	106,000	81,000	324.00	Increase in FICOM expenditures.
57EA	Public Servant Travel	1,599,000	1,775,000	176,000	11.01	Adjusted to reflect actual travel requirements in Revenue Division.
5901	Legal Services	5,581,000	6,068,000	487,000	8.73	Increase in legal services required by Policy & Legislation and Revenue Division.
5935	Corporate Services Secretariat	48,000	15,000	33,000	68.75	Decrease in annual Corporate Services Secretariat chargeback to ministry
60EA	Professional Services Operational & Regulatory	51,913,000	87,777,000	35,864,000	69.08	Increases largely driven by higher HPAS contract fees (\$34.3M) primarily for MSP collection activities in Revenue Division and higher professional services costs in FICOM(\$1.35M).
61EA	Professional Services Advisory	381,000	826,000	445,000	116.80	Increase in contract advice fees in FICOM.
63EA	Information Systems Operating	11,725,000	8,151,000	3,574,000	30.48	Reduction reflects reduced demand in one time projects in Treasury and savings achieved through ministry spending directives.
65EA	Office and Business Expenses	5,706,000	9,544,000	3,838,000	67.26	Increase primarily reflects postage charges related to MSP collections activities in Revenue Division.
67EA	Informational Advertising & Publications	773,000	773,000	0	0.00	
68EA	Statutory Advertising and Publications	111,000	105,000	6,000	5.41	Reduction reflects actual cost projection.
69EA	Utilities, Materials & Supplies	39,000	39,000	0	0.00	
70EA	Operating Equipment & Vehicles	1,020,000	1,029,000	9,000	0.88	Increase in Revenue Division to reflect actual costs.
73EA	Amortization Expenses	14,093,000	11,188,000	2,905,000	20.61	Decrease in amortization to match decrease in capital plan and amortization requirements. Note: Amortization for PST re implementation projects will be covered by contingencies.
75EA	Building Occupancy Charges	1,649,000	1,321,000	328,000	19.89	Decrease in FICOM building occupancy charges.
77EA	Grants	14,497,000	14,497,000	0	0.00	
79EA	Entitlements	0	400,000	400,000		Although there was no funding specifically earmarked in FY12/13, the expense was funded by the ministry. Entitlements in Revenue Division to First Nations, under the <i>Indian Self Government Enabling Act (ISGEA)</i> , in place of the Home Owner Grants.
80EA	Transfers Under Agrmnt Incl Shrd Cost	8,937,000	7,537,000	1,400,000	15.67	Primarily due to reduction in D&H contract resulting from the integration of BC Student Loan Program with Canada Student Loan Program.
83EA	Interest Costs Public Debt			0	0.00	
84EA	Interest Costs Non Public Debt	3,001,000	3,000,000	1,000	0.03	
85EA	Other Expenses	100,196,000	119,946,000	19,750,000	19.71	Increases in Revenue Division largely driven by higher Student Loan Bad Debt Provision (\$17.14M). Increase in banking activities and credit card fees (\$1.32M) in Treasury.
88EA	Recoveries Within Government	64,249,000	62,609,000	1,640,000	2.55	Decrease recoveries (and corresponding expenditures) in OCG (\$0.75M) and Treasury (\$0.9M).
8859	Centralized Mgmt. Support Services Recovered	480,000	240,000	240,000	50.00	Decrease in Corporate Services Secretariat operating expenses and corresponding recoveries
89EA	Recoveries Within Gov. Reporting Entity	3,490,000	3,490,000	0	0.00	
9001	Recoveries Social Services Tax			0	0.00	
9002	Recoveries External Fees & Licenses	14,012,000	21,884,000	7,872,000	56.18	Higher recoveries in FICOM (\$6.927M) and Reconstruction Loan Portfolio (\$0.945M).
9003	Recoveries External Other Misc. Revenues	32,734,000	31,489,000	1,245,000	3.80	Decrease due to internal reallocation to STOB 9002 in FICOM (\$1.6M). Decrease in Reconstruction Loan Portfolio (\$0.97M) as program gradually winds up. Decreases partially offset by increase Treasury recoveries (\$1.27M) related to higher volume of banking activities and credit card.
9007	Recoveries External Fiscal Agency Loans	28,944,000	34,664,000	5,720,000	19.76	Increase in Student Loans program interest recoveries in Revenue Division.
9008	Recoveries External Medical Services Plan Fees	50,529,000	96,972,000	46,443,000	91.91	Increase recoveries in Revenue Division to offset the cost of MSP collections.
TOTAL MINISTRY OPERATIONS (Vote 22), IRMA and PHA (Special Accounts)		121,410,000	119,080,000	-2,330,000	-1.92	
TOTAL PSA AND BENEFITS (Vote 24 & 25)		51,164,000	50,808,000	-356,000	-0.70	
GAMING POLICY AND ENFORCEMENT (Vote 23)		18,377,000	19,819,000	1,442,000	7.85	Increase due to budget lift for Responsible Gaming Strategies.
TOTAL MINISTRY OF FINANCE		190,951,000	189,707,000	-1,244,000	-0.65	

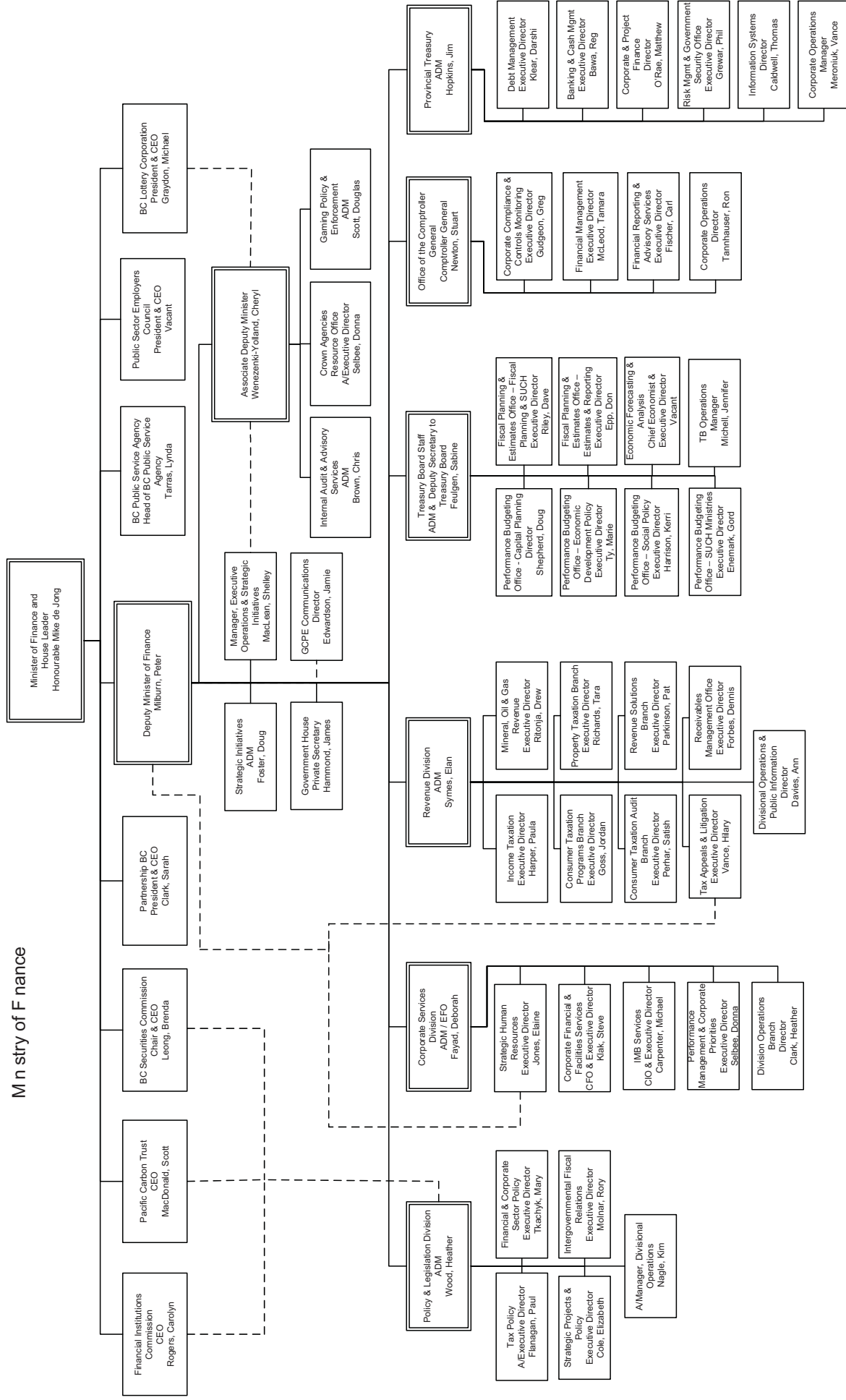
Gaming Policy & Enforcement
Ministry of Finance



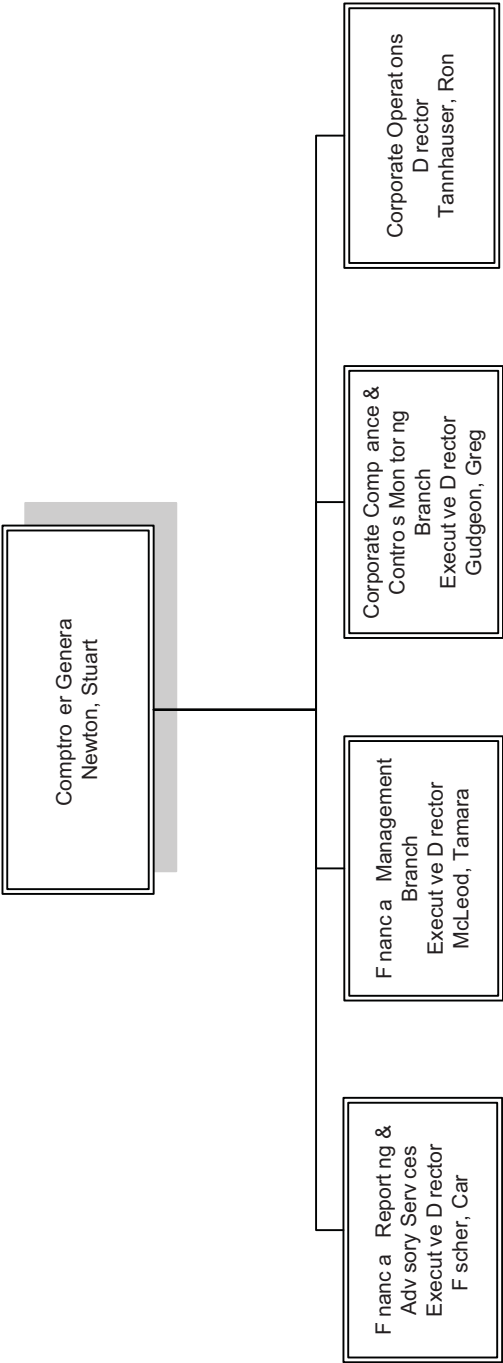
Internal Audit & Advisory Services
Ministry of Finance



M n stry of F nance



Office of Comptroller General
Ministry of Finance





GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF FINANCE

(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF THE PACIFIC CARBON TRUST

(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 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 and is intended to promote a co-operative working relationship.

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 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

Government has provided the following mandate direction to Pacific Carbon Trust:

- To deliver quality BC-based greenhouse gas offsets to help clients meet their carbon reduction goals and to support the growth of the low-carbon economy in BC.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Acquire a risk-managed, high quality and diversified carbon offset portfolio that is independently reviewed and meets public and private sector carbon neutrality commitments;
- Secure new customers to purchase carbon products and drive revenue into the province;
- Increase the awareness within the public sector and broader public of the Corporation's plans and accomplishments and the role of carbon markets in climate change policy; and
- Engage the carbon market industry to support the growth of the low-carbon economy in BC and position the province to benefit from the emerging carbon markets.

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:
 - increased funding from Government,
 - reductions in service, or
 - 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 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:

- approve the Corporation's mandate to *deliver quality BC-based greenhouse gas offsets to help clients meet their carbon reduction goals and to support the growth of the low-carbon economy in BC*;
- continue the Corporation as an agent of the Crown under the *Business Corporations Act*;
- facilitate legislative, regulatory and policy changes to enable the Corporation to achieve its mandate and ensure that appropriate consultation and notification occurs on significant policy or legislative issues that may impact the Corporation; and
- advise the Pacific Carbon Trust of the public sector's offset requirements and facilitate the payments necessary to meet the public sector's carbon neutral commitments in a timely manner.

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.

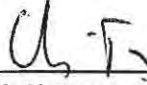
The parties agree that each will advise the other in a timely manner of any issues that may materially affect the business of the Corporation and/or the interests of Government, including information on any risks to achieving financial forecasts and performance targets.

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 Finance 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 Mike de Jong
Minister of Finance


Chris Trumpy
Chair, Pacific Carbon Trust

Nov. 29, 2012
Date

Dec 4 / 2012
Date

cc. Honourable Christy Clark
Premier

John Dyble
Deputy Minister to the Premier and Cabinet Secretary



COMPENSATION GUIDELINES

(Board Approved June 2011)

In order to achieve Partnerships BC's business and operational objectives, it must rely on the contribution of its employees. Partnerships BC's compensation program plays a key role in the organization's ability to attract, motivate and retain quality employees.

Compensation Philosophy

Partnerships BC is committed to a total compensation perspective that views compensation as including base salary, short-term incentive pay, benefits, pension, vacation and perquisites.

Partnerships BC recognizes that a key component of an effective compensation philosophy is the need to maintain a meaningful degree of competitiveness with the relevant external labour market. Given the unique mandate of Partnerships BC, as both an instrument of public policy and operating essentially as a private sector professional services firm, the appropriate comparator market is defined as one that balances public sector equity and relativity with industry-specific comparability. In particular, Partnerships BC has determined that its appropriate external labour market reference point consists of a balanced composite (50%/50%) of the broader British Columbia public sector and comparable private sector.

The key elements of Partnerships BC's compensation offering include cash and non-cash compensation as follows:

Cash Compensation

Total cash compensation is made up of base salary and short-term incentive pay (STI). Total cash compensation is targeted at the 50th percentile of the composite market, to a maximum of the 75th percentile of the composite market upon achievement of above average performance. Specifically:

- **Base salary** – Base salary pay practice is targeted to be at the 50th percentile of the composite market, with a 40% range for the minimum to maximum in each salary range.
- **STI** – STI practice, recognizing individual contributions to the success of the organization, is targeted at the 50th percentile of the composite market. STI allows employees to earn above the 50th percentile of the composite market for total cash compensation, to a maximum of the 75th percentile of the composite market for above average performance. The amount of STI available annually will be dependent on Partnerships BC's corporate performance and financial capacity.

Non-Cash Compensation

Non-cash compensation includes the following:

- **Benefits package** – Competitive benefits package based on the government standard.
- **Pension** – Competitive retirement benefits based on the government standard.
- **Vacation** – Competitive vacation time capped at four weeks due to the project-based nature of the organization.
- **Perquisites** – Discretionary car and parking allowance.

Compensation Review

Partnerships BC conducts an annual review of compensation. In addition, in keeping with its philosophy with respect to the need to maintain a meaningful degree of competitiveness with the relevant external labour market, Partnerships BC conducts biennial external reviews of compensation (executive compensation in even years and employee compensation in odd years). These external reviews should be 'primary' in focus and should include analysis of total compensation (cash and non-cash) paid by appropriate comparison organizations to positions comparable to those at Partnerships BC. Unless the business of Partnerships BC changes, external market reviews of compensation should attempt to replicate a consistent comparator sample of organizations on a longitudinal basis.

Base Salary Management

Every Partnerships BC position is assigned a base salary range. Placement and movement within the salary range is typically based on an employee's performance and competence level in the role relative to the composite market mid point. Salary range progression should reflect performance and/or competency growth illustrated as follows:



- The market mid point is equal to the salary typically paid in the composite market to competent performers in a comparable position.
- Generally speaking, employees developing in the position would be paid between the minimum and the mid point.
- An employee who consistently performs all aspects of the position in a fully competent manner would be paid at or near the market mid point.
- In order to merit a salary increase which would place his or her salary above the market mid point, an employee would have to demonstrate performance during the year which clearly surpasses the fully competent level. An employee who reaches this level of excellence does so through unique and exceptional application of knowledge, skills and/or effort over a consistent, sustained period.

Because Partnerships BC is a small organization and is limited in the number of developmental employees it can recruit, employees are often recruited at a highly competent level and placed in the mid to high point in the salary range relative to their competence. The lower end of the salary ranges are used for promoting and developing internal staff.

Competence Ratings for Salary Movements

Employee competence is assessed and assigned to one of the following overall ratings for salary movements:

- Developmental
- Fully Competent
- Exceptional

Determining Salary Increases

The employee's competence rating, and his or her current salary range placement, are used in determining his or her salary increases. The application of employee competence and position in the salary range to determine salary increases is illustrated in the example below.

Example - Salary Increase Grid

Employee's Competence Rating	Position of Employee's Present Salary In Applicable Salary Range		
	At Range Minimum	At Market Mid 50 th Percentile	At Range Maximum
Developmental	2-5%	0-2%	0%
Fully Competent	3-6%	1-3%	0%*
Exceptional	4-7%	2-5%	0%*

**any increase is at the discretion of the CEO.*

In a year in which an employee does not substantially achieve his or her performance plan goals, the Company is not required to increase the employee's salary or may increase the employee's salary by less than the salary increase grid.

An employee is not guaranteed to remain at the same position in his or her respective salary range. On the contrary, an employee's performance is assessed each year and his or her salary change is determined accordingly.

Actual employee base salary increases will be assessed by management and awarded within the Board approved overall compensation budget.

Earning STI

Each Partnerships BC employee is assigned an eligible STI target based on percentage of base salary. The objectives of the STI plan are to:

- Provide a competitive plan that will assist in attracting, motivating and retaining quality employees.
- Support Partnerships BC's strategic plan and focus employees' attention and efforts on the organization's business plan and priorities.
- Encourage and equitably recognize individual performance.

There are three steps in the determination of individual STI awards, including:

- Achievement of corporate performance goals.
- Partnerships BC's financial capacity.
- Individual employee performance.

1. Achievement of Corporate Performance Goals

Corporate performance goals are set in Partnerships BC's Annual Service Plan. Achievement of these goals is measured against the targets established in the Service Plan and annual corporate budget (including financial targets). The corporate performance is reviewed on an annual basis.

Financial Capacity

The STI pool is accrued at 100% each year. The pool is based on the total of individual salaries multiplied by individual target STI. Except as set out below, the level of achievement of the corporate performance goals determines the size of the STI pools that will be paid out at year end (less than, equal to, or more than the accrued STI pool). The STI pools can be reduced below what the corporate performance review would indicate due to a failure to meet financial targets (referred to as lack of financial capacity).

If there is sufficient financial capacity and if the Board approves a CEO's performance rating which is greater than the corporate performance rating, it will increase the STI pool in order to fund the increment to the CEO's STI, which is a result of the CEO's rating exceeding the corporate rating. This increase will eliminate any impact on the overall STI pool.

Examples of funding the STI pool:

Outcome	STI Pool	Impact on Employees
Net income (pre STI) ≤ zero	STI pool set at zero	STI pool = zero
Net income (pre STI) > zero <u>but</u> < target STI pool	STI pool set at corporate rating, not to exceed net income	STI pool allocated
Net income (pre STI) > zero and > target STI pool	STI pool set at corporate rating. STI pool enhanced if CEO rating exceeds corporate rating.	STI pool (set at corporate rating) allocated

2. Achievement of Individual Goals

Each individual's performance plan reflects individual performance objectives that are aligned with corporate performance objectives. Each individual is rated according to a review of performance against these objectives. The corporate performance review defines the size of the STI pools. However, if the company fails to meet its financial targets, the lack of Financial Capacity can cause a reduction of the STI pools as described above. In this event, all individual ratings will be reduced by the same proportion, to reflect the lack of Financial Capacity. For example, if the corporate performance rating is 100 or "Meets Expectations", but the funding of a STI pool is 80% of the accrued amount, due to a lack of Financial Capacity, then all individual STI payments will be reduced to 80% of the amount implied by each individual review.

Compensation Accountability

The Partnerships British Columbia Board of Directors will be responsible for determining the size of the STI pool.

The Executive Team will be responsible for operating within the approved salary budgets and awarding STI to the employees within the STI pool amount.

The Executive Team will annually provide to the Board of Directors a report summarizing the salary movement and STI for employees to provide a high level review for compensation due diligence.

June 7, 2012

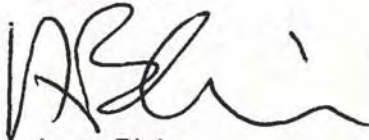
Mr. Paul Straszak,
President and CEO
Public Sector Employers' Council Secretariat
P.O. Box 9400 Stn Prov Govt
Victoria BC V8V 9V1

**Re: Public Sector 2011-12 Executive Compensation Disclosure
for Partnerships British Columbia Inc.**

Dear Mr. Straszak:

On behalf of the Partnerships British Columbia Inc. Board of Directors, I confirm that the 2011-12 Executive Compensation Disclosure report as attached is consistent with the company's executive compensation plan.

Regards,



Larry Blain
Chair
Partnerships British Columbia Inc.
Board of Directors

Attach.

**Summary Compensation Table
Fiscal 2011-12
Partnerships British Columbia Inc.**

Name and Principal Position (a)	Salary (\$) (b)	Incentive Plan Compensation Paid (\$) (c)	Benefits (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous 2 Years Totals (h)
Sarah Clark – Chief Executive Officer	\$253,647.99	\$25,000.00 ¹ (fiscal 10/11)	\$6,467.77	\$25,323.53	\$10,000.12(a) \$3,775.20(b)	\$324,214.61 ²	2009/10= \$242,644.58 2010/11= \$298,130.39
Doug Ewing – Vice-President, Projects	\$183,370.36	\$29,700.00 based on 15%/20% target (fiscal 10/11) ³	\$6,802.82	\$18,071.36	\$6,942.00(a) \$3,775.20(b)	\$248,661.74 ⁴	2009/10 = Not Applicable 2010/11 = \$218,584.98
Susan Tinker – Vice-President, Partnerships Services	\$163,361.94	\$36,800.00 based on 20% target (fiscal 10/11)	\$4,423.09	\$16,052.99	\$6,942.00(a) \$2,280.00(b)	\$229,860.02	2009/10= \$193,799.91 2010/11= \$224,158.50
Chan-Seng Lee -Vice-President, Finance and Administration	\$153,151.84	\$30,000.00 based on 20% target (fiscal 10/11)	\$9,158.23	\$15,004.32	\$6,942.00(a) \$3,775.20(b)	\$218,031.59	2009/10= \$196,605.91 2010/11= \$214,276.03

Note: All Other Compensation (Column f):

- (a) Car Allowance
- (b) Parking

Note: Incentive Plan Compensation Paid (Column c) was earned on performance for the 2010-11 year, paid in the 2011-12 fiscal year.

¹ Performance bonus earned as VP, Projects (April – September 2010) and as CEO (October 2010 – March 2011); no percentage target - maximum payable \$25,000.00. No bonus payable as CEO for the 2011-12 fiscal year.

² Increase in total compensation is greater than 5% due to timing of payment of performance bonus for fiscal 2010-11.

³ Performance bonus earned as AVP (April – December 2010 based on 15% target) and as VP, Projects (January – March 2011 based on 20% target).

⁴ Increase in total compensation is greater than 5% due to promotion from AVP to VP, Projects in January 2011.

Partnerships British Columbia Inc.
Summary of Performance – Fiscal 2010-11
In Support of Performance Payments to Executives in 2011-12

Performance Goal	Performance Measurement
Structure and implement public private partnership solutions which serve the public interest	<ul style="list-style-type: none"> • 20 new engagements • 12 projects reached final project agreement • 2 post-financial close engagements • All controllable project milestones achieved • Positive feedback from clients and Shareholder • 100% of project reports published • Clean fairness opinions on 6 projects published
Encourage development of the public private partnership market in British Columbia	<ul style="list-style-type: none"> • Active market participation – 10 new market participants • All projects using standard procurement documents • 24 new or updated guidance documents and templates • Synergies achieved – reduced project recovery costs and procurement benchmark of 18 months from RFQ to financial close applied • Positive media coverage – local, national and international • 4 awards for PPP projects
Remain commercially viable and increase productivity	<ul style="list-style-type: none"> • Exceeded financial plan target • Employee satisfaction targets met: BC Business Best Companies to Work for in BC results – 4.12 out of 5; awarded top-ranked company in the Public Sector, Crowns and Non-Profit category.

Note: Detailed description of Partnerships BC's Performance Goals and Measurement can be found in the Company's 2010-11 Annual Report at www.partnershipsbcc.ca.



GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF FINANCE
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF PARTNERSHIPS BRITISH COLUMBIA
(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 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 and is intended to promote a co-operative working relationship.

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 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

Government has provided the following mandate direction to Partnerships British Columbia (PBC):

- Plan and structure partnership delivery solutions for public infrastructure projects which are expected to achieve value for money;
- Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development; and
- Maintain a self-sustaining organization and provide added value to an increasingly diverse client base.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Provide a quarterly update to the Deputy Minister of Finance on PBC's capacity to maintain a self-sustaining organization. PBC should continue to pursue opportunities to showcase partnership procurement models outside the provincial government. The quarterly update will include a summary of PBC's financial results achieved against its forecast targets, as well as emerging issues and planned mitigation strategies.
- Continue to work with the Ministry of Finance to ensure that the P3 affordability best practices and project finance strategies are aligned with the principles of the provincial Capital Asset Management Framework (CAMF) and provide ongoing advice to the Ministry of Finance on other areas of capital asset management.
- Continue to engage early and work closely with line ministries/agencies, TBS and other relevant central agencies to ensure that the key service issues, costs, benefits, and risks related to the PPP projects are clearly identified and updated in a timely manner throughout the project review and approval process. To provide opportunities for further collaboration on PPP projects and support timely engagement, PBC and client ministries should provide regular updates to TBS and other central agencies on specific emerging and current PPP projects. PBC should also facilitate ongoing dialogue with TBS and other central agencies on the PPP model and market.
- Continue to improve key stakeholders' understanding regarding the PPP methodology and projects through strategies to further educate key stakeholders about its quantitative methodology and the partnership procurement model for major capital projects.
- Actively seek opportunities to make available its valued expert assistance to ministries in the planning and procurement of capital assets with a focus on achieving best value for the province.
- Continue to be cognisant of its supporting and complementary role on project delivery where private sector alternatives are available.

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:
 - increased funding from Government,
 - reductions in service, or
 - 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/disclosuredocs/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 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:

- Ensure that the appropriate consultation and notification occurs on significant policy and legislative issues that may impact the Corporation or public private partnership transactions;
- Support the Corporation and its selected projects where it can be shown that these projects will achieve value for money; and
- Continue to direct and encourage public sector agencies to consider alternative procurement consistent with government policies (e.g. Capital Asset Management Framework).

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.

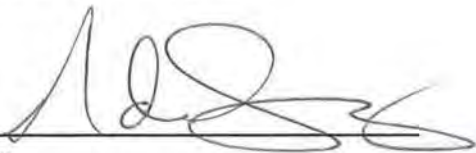
The parties agree that each will advise the other in a timely manner of any issues that may materially affect the business of the Corporation and/or the interests of Government, including information on any risks to achieving financial forecasts and performance targets.

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 Finance 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.

Nov. 29, 2012
Honourable Michael de Jong
Minister of Finance


Date


Larry Blain
Chair, Partnerships BC

December 7, 2012
Date

cc. Honourable Christy Clark
Premier

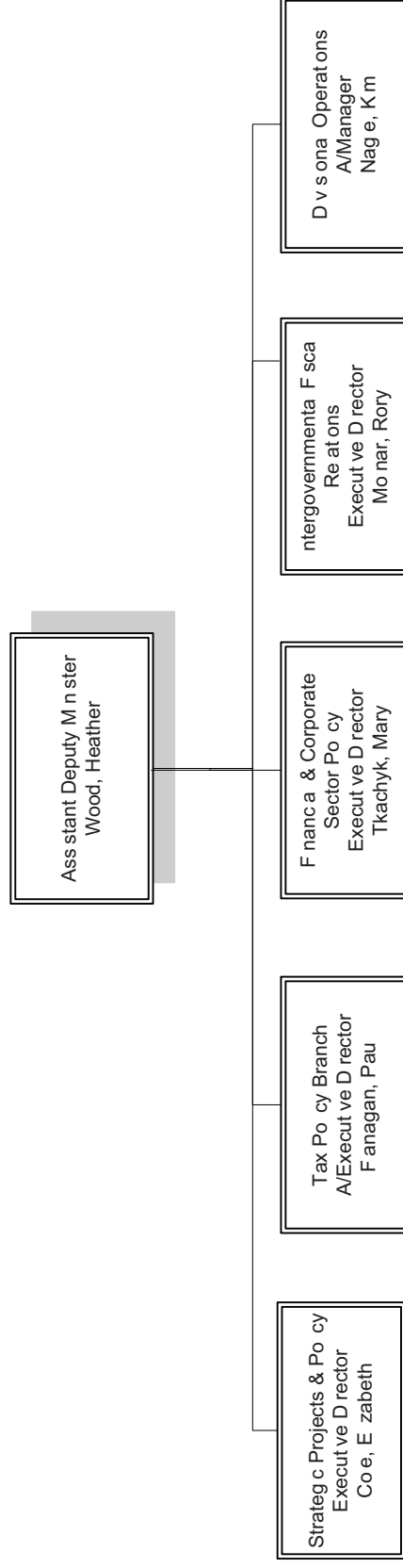
John Dyble
Deputy Minister to the Premier and Cabinet Secretary

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

Sheila Taylor
Associate Deputy Minister
Ministry of Finance

Sarah Clark
Chief Executive Officer
Partnerships BC

Policy & Legislation Division Ministry of Finance



EXECUTIVE COMPENSATION BC PUBLIC SERVICE

Compensation Philosophy

The executive compensation approach will provide staff with a competitive total compensation package to attract and retain a qualified, diverse and engaged workforce that strives to achieve high levels of performance in delivering government services to the people of B.C. The compensation philosophy outlines the BC Public Service's objectives and guiding principles for compensation for deputy ministers, associate deputy ministers and assistant deputy ministers.

Objectives

The objectives of the BC Public Service compensation philosophy are to:

1. Support and retain individuals who demonstrate the BC Public Service values and skills needed to achieve the objectives of government.
2. Attract qualified, diverse and high-potential individuals to the BC Public Service.
3. Support the development of a performance-based culture by providing incentives for employees to achieve results and exhibit superior performance.

Guiding Principles

The following principles guide the design, implementation and administration of BC Public Service compensation programs:

- Differentiation: Differentiation of salary is supported where there are differences in the scope of the position within a ministry or corporate context, and/or due to superior individual or team contributions.
- Performance: Compensation programs support and promote a performance-based organizational culture.
- Transparent: Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public, while at the same time protecting individual personal information.
- Accountable: Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.

Guidelines for Administration

Market Comparators

The BC Public Service has identified the primary competitors for talent as:

1. BC public sector organizations (including Crown corporations, the health sector, the education sector, community social services, regional governments, municipalities, and various other public bodies);
2. Other provincial jurisdictions and the federal government (excluding northern territory jurisdictions); and
3. The private sector.

Executive Compensation

The province's target position for executive compensation in the public sector market is to be from 3rd to 5th nationally amongst the provincial and federal governments. A determination is made respecting the appropriate ranking based on demographic and labour market trends, and economic variables.

Pay ranges for executives were last set in August 2008. Under the model introduced in 2008, the maximum attainable salary for BC Public Service deputy ministers and for assistant deputy ministers ranks third among provinces and the federal government. Base pay for executives includes a salary holdback that is tied to leading human resources to corporate outcomes.

Review Periods

The maximum achievable salaries for executives under the framework approved by Cabinet in 2008 was set at 83 per cent of federal equivalent levels, which reflects the recommendation of a 2001 analysis by the consulting firm Watson Wyatt.

Internal Relativity and Differentiation

Base pay will typically be set at levels within scope of comparable positions within the BC Public Service. Differentiation of base pay reflects:

- Differences in the scope and responsibility of the work assignment in a corporate context;
- Recruitment and retention pressures;
- Emphasis on specific talent or unique skills within ministries required to meet service plan priorities; and
- Relative performance in achieving work goals and objectives.

Salary Holdbacks

The assessment of performance of Deputy Ministers in their roles is based on the achievement of goals and targets within ministry service plans and specific performance objectives. The measures for the salary holdback are based on an assessment of executive performance in leading their human resources to corporate outcomes. These outcomes may include goals related to the government's Corporate Human Resource Plan, Technology and Transformation Plan, financial targets and other corporate initiatives.

Assessment of compensation holdback is conducted following the completion of the fiscal year and paid in June of the following fiscal year.

In 2008/09, the portion of executive compensation held back subject to performance increased from five per cent to 10 per cent of salary. The holdback paid in the 2009/10 fiscal year reflects a blending of 5 percent for part of the year and 10 percent for the remainder of the year.

For the application of the 2009/10 measures, the first measure of an improved rating on government's employee engagement score was valued at 50 percent of the overall holdback result. The remaining measures were valued equally to determine the remaining 50 per cent of the holdback

In 2011/12 the assessment was changed. There are now four measures, with each measure equally weighted at 25 per cent. Holdback amounts calculated against these measures will be paid in the 2012/13 fiscal year.

Leave Provisions

Deputy Ministers receive one additional week of vacation supplementary to the leave entitlements provided to all excluded managers in the BC public service.

Holdbacks paid in the 2011/12 fiscal year were based on the 2010/11 holdback measures.

2010/11 Holdback Measures	
Measure	Target
1. Improved employee engagement across the BC Public Service.	As measured by improvement in the corporate score on the Supervisory Leadership drive on the 2010 Work Environment Survey.
2. Achievement of government's fiscal targets and performance on forecasts.	As measured by achievement of ministry budget targets and improved performance on quarterly forecasting.
3. Preparing for the future of the public service by realizing the potential for transformation and technology.	As measured by assessment of each ministry's first technology and transformation plan.
4. Delivering on the key priorities of government.	As measured by specific deliverable to each ministry as agreed to with the DM to the Premier.



Where ideas work

Summary Compensation Table

The highest-ranking public servant within the BC Public Service is the Deputy Minister to the Premier. Each ministry is led by a deputy minister. Each of the deputy ministers reports to the Deputy Minister to the Premier. They form the senior-executive of the BC Public Service. The Chief of Staff is a deputy minister equivalent and reports directly to the Premier.

Name/Role	2011/12 Salary (Excludes Holdback)	2010/11 Salary Holdback ²	Benefits	Pension	2011/12 All Other Payments ³	2011/12 Total Payments & Benefits	2010/11 Total Payments & Benefits ⁴	2009/10 Total Payments & Benefits
John Dyble Deputy Minister to the Premier	\$279,114	\$18,891	\$9,167	\$27,976	\$872	\$336,020	\$274,155	\$277,178
David Loukidellis Deputy Attorney General	\$229,594	\$12,750	\$8,910	\$22,879	\$7,037	\$281,170	\$260,981	\$48,308
Mike McDonald¹ Chief of Staff	\$195,228	N/A	\$10,109	\$18,775	\$6,964	\$231,076	\$12,402	N/A
Peter Milburn Deputy Minister of Finance	\$226,058	\$17,330	\$8,804	\$22,515	\$21,820	\$296,527	\$265,047	\$249,639
Graham Whitmarsh Deputy Minister of Health	\$225,092	\$18,750	\$5,529	\$22,416	\$22,590	\$294,337	\$288,149	\$288,642

1. Mike McDonald was Chief of Staff from March 14, 2011 to February 14, 2012 at which time he became Principal Secretary. Kenneth Boessenkool was appointed Chief of Staff effective February 15, 2012 at an annual salary of \$195,148 with no eligibility for holdback.
2. Administered as a 10% holdback of base salary. Executive holdbacks were paid out in June 2011 for fiscal year 2010/11. The Chief of Staff is not eligible for a holdback payment.
3. Includes taxable benefit for personal use of a lease vehicle; vehicle allowance in lieu of a lease vehicle; and unused vacation payout of \$7,037 for D. Loukidellis, \$18,973 for P. Milburn, and \$21,561 for G. Whitmarsh.
4. Total Payments and Benefits increased by greater than 5% over the previous fiscal year for J. Dyble reflecting a salary increase upon promotion to the Deputy Minister to the Premier; for D. Loukidellis reflecting an increase over the previous year holdback payment of \$840; and for P. Milburn reflecting a promotion to Deputy Minister of Finance.

The Public Sector Employers' Council and Employer Associations

Public Sector Employers' Council Secretariat

- The Public Sector Employers' Council Secretariat implemented the 2012 negotiating mandate for the BC public sector.
- As of April 2013, almost three-quarters of unionized public sector workers negotiating under the 2012 mandate had settled collective agreements.
- The Secretariat worked with partners and trustees to the College, Public Service, Municipal and Teachers' pension plans on a number of areas, including improvements to the health of indexation of the plans within existing funding levels.
- The Secretariat continued its disclosure of annual public sector executive compensation and made this information available on-line in machine readable format.
- Implemented the July 2012 government policy on executive compensation in Crown corporations.

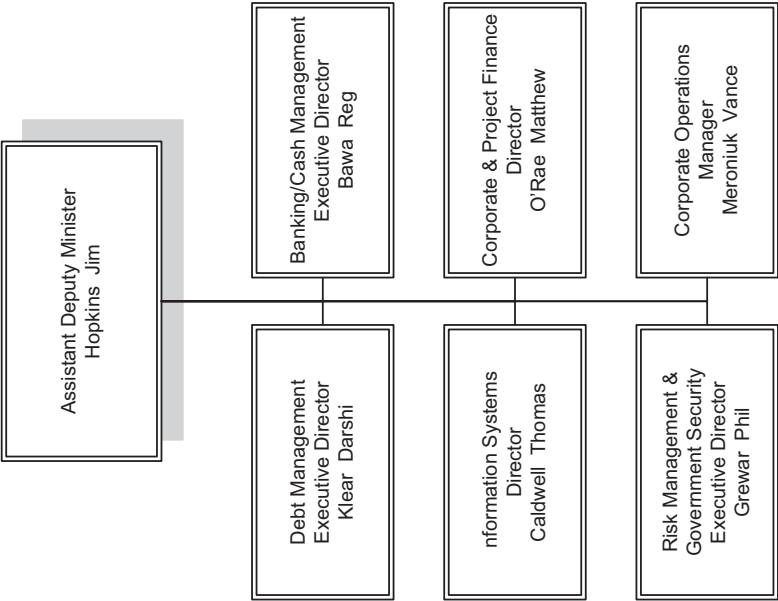
Forecast Employer Association Expenditures

The following table presents the 2012/13 budgeted and actual expenditures of the five employer associations.

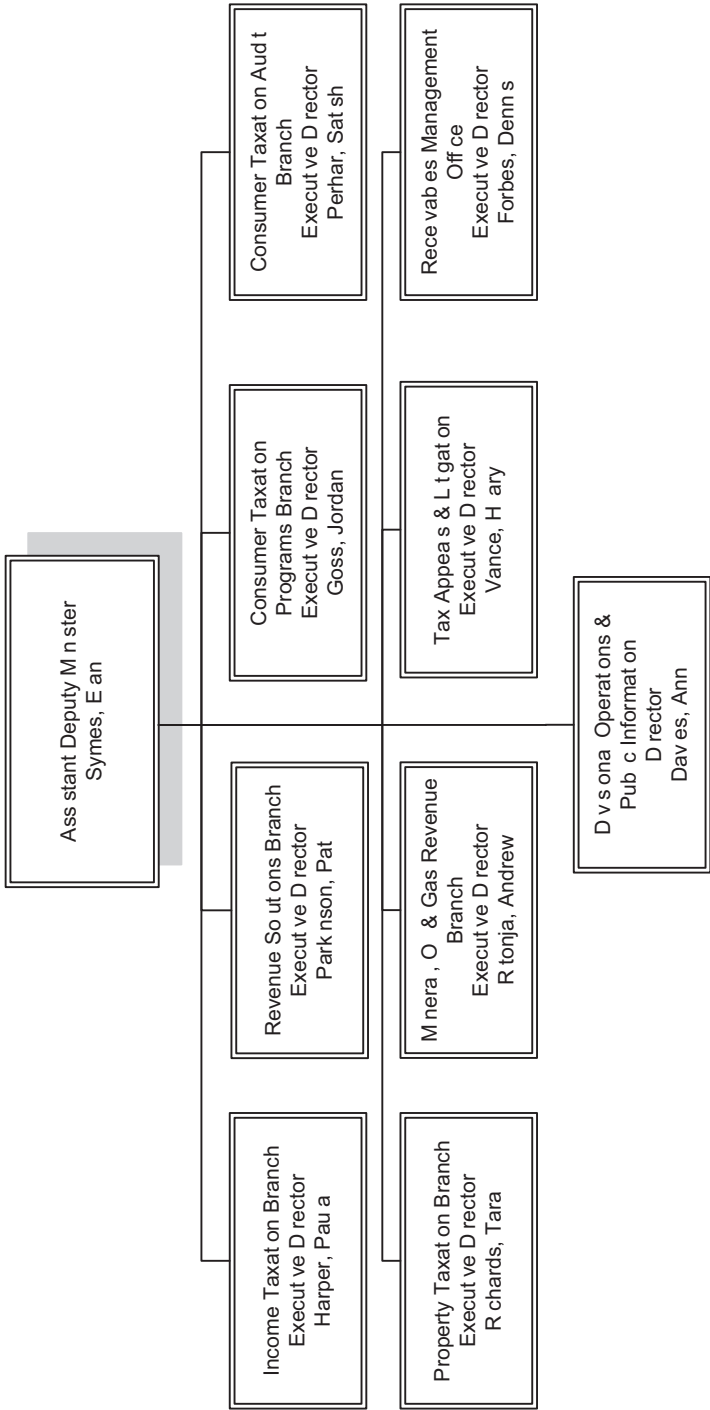
Employer Association Expenditures (\$000)	
2012/13 Budget	2012/13 Actual ¹
25,390	25,509

¹ Includes actual spending for the BC Public Schools Employers' Association, Community Social Services Employers' Association, the Crown Corporation Employers' Association, the Health Employers Association of BC and the Post Secondary Employers' Association.

**Provincial Treasury
Ministry of Finance**



Revenue Division
Ministry of Finance



Revised 2013/14 Service Plan: Goals, Objectives, Strategies and Performance Measures

Goals	Objectives	Strategies	Performance Measures
Goal 1: Sound and transparent management of government finances	1.1: Effective management of government's fiscal plan	<ul style="list-style-type: none"> Continuously monitor revenues, spending and debt set out in the fiscal plan, and take corrective action as required to meet targets Ensure effective cash management to minimize borrowing requirements and debt service costs Manage government's capital plan, including strategic investments in infrastructure across the province 	Provincial credit rating
			Budget deficit / surplus
	1.2: Accountable, efficient and transparent financial and program management across government	<ul style="list-style-type: none"> Provide governance and oversight to: <ul style="list-style-type: none"> ➤ Ensure all government entities (e.g. ministries, Crown agencies, etc.) are publicly accountable for their programs, services and fiscal management ➤ Ensure appropriate financial and program management, systems and guidance are in place for the broader public service Use risk-based approaches to effectively manage government's resources Undertake strategic reviews of government business processes to identify opportunities to maximize efficiency Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP) 	Release of key financial documents <ul style="list-style-type: none"> • Release date of the Budget • Release date of the Public Accounts • Audit opinion

Revised 2013/14 Service Plan: Goals, Objectives, Strategies and Performance Measures

<p>Goal 2: A strong, competitive and vibrant economy</p>	<p>2.1: A fair and competitive tax and regulatory environment</p>	<ul style="list-style-type: none"> • Continue to improve the fairness, competitiveness and sustainability of the provincial tax system • Ensure financial and corporate regulatory frameworks are efficient and effective, and protect the public interest • Commit to net zero regulatory gain through 2015 • Support the Ministry of Jobs, Tourism and Skills Training in implementing a Regulatory Reporting Act to mandate annual reporting on regulatory reform • Advance B.C.'s interests with the federal and other provincial governments on federal-provincial fiscal relations 	<p>Provincial income tax rates:</p> <ul style="list-style-type: none"> • Provincial ranking of corporate income tax rates • Provincial ranking of personal income tax rates for the bottom tax bracket • Provincial ranking of personal income tax rates for the second-from-bottom tax bracket
	<p>2.2: Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services</p>	<ul style="list-style-type: none"> • Administer the transition from HST to a PST/GST tax system • Simplify and streamline tax and other revenue legislation • Focus compliance activities on areas with the highest risk of non-compliance • Explore further opportunities for applying technological solutions to improve compliance and enforcement activities • Improve collaboration across jurisdictions to help ensure tax revenue owed to the Province is identified and received in a timely manner • Improve practices used to collect outstanding amounts owed to government • Continue to consolidate government revenue management 	<p>Percent of amounts owed to government paid or collected</p>
<p>Goal 3: Responsible regulation of gaming opportunities</p>	<p>3.1: British Columbians continue to have confidence in the management of gaming</p>	<ul style="list-style-type: none"> • Ensure that all gaming in the province, including gaming conducted over the Internet, is subject to a high level of rigour and scrutiny. This includes ensuring appropriate people and companies are involved in the gaming industry, conducting regular audits of all commercial gaming venues, and investigating allegations of wrongdoing to ensure the integrity of gaming and use of proceeds. • As part of a broader enforcement strategy, work with the British Columbia Lottery Corporation and the gaming industry to move away from cash-based play in order to prevent money laundering activity at casinos. 	<p>Enhance access to funds in gaming facilities</p>

Treasury Board Staff
Ministry of Finance

