

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: N/A
Date Required: N/A

Initiated by: Mary Tkachyk
Executive Director
Crown Agencies Resource Office

Date Prepared: December 20, 2013

Ministry Contact: Jill Rogers
Senior Advisor
Crown Agencies Resource Office

Phone Number: (250) 387-8187
Email: Jill.Rogers@gov.bc.ca

333601

TITLE: *Budget Transparency and Accountability Act* Regulation to exempt Pacific Carbon Trust from the service plan reporting requirement (section 13) of the *Budget Transparency and Accountability Act*

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: _____

Associate DM approval: _____

DATE PREPARED: December 20, 2013

TITLE: *Budget Transparency and Accountability Act* Regulation to exempt Pacific Carbon Trust from the service plan reporting requirement (section 13) of the *Budget Transparency and Accountability Act*

ISSUE:

The Crown Agencies Resource Office (CARO), in consultation with Treasury Board Staff, is recommending that a regulation under the *Budget Transparency and Accountability Act* (BTAA) be made to exempt Pacific Carbon Trust from section 13 of the BTAA.

BACKGROUND:

The BTAA requires that three-year service plans (section 13) and annual service plan reports (section 16) for government organizations covered by the Act must be made public annually. There are currently 30 government organizations (Crown corporations) that are required to prepare service plans and annual service plan reports.

Section 24 of the BTAA empowers the Lieutenant Governor in Council, on the recommendation of the Minister of Finance after consulting with the Auditor General, to exempt a government organization from the application of sections 13 and/or 16 by regulation. The regulation should be completed before the date that the 2014/15 – 2016/17 service plans have to be tabled in the Legislative Assembly (February 18, 2014). If the regulation is not completed by that date, a non-compliance statement will have to be made in the Legislative Assembly by the Minister Responsible if a service plan is not tabled.

Since February 2002, government organizations have been exempted from sections 13 and 16 for the following five reasons:

- (a) **The organization has already ceased operations, is inactive or will cease operations during the fiscal year.** These organizations cannot be expected to produce a meaningful plan that includes goals, objectives and performance measures for a three-year period. This criterion has been used for the majority of exemptions;
- (b) **The organization's activities are reported in the service plan and annual report of another organization.** Examples include BC Transportation Financing Authority (reported under the Ministry of Transportation and Infrastructure) and Provincial Rental Housing Corporation (reported under the BC Housing Management Commission);

- (c) **Materiality.** The organization's provincial funding, and/or revenues and expenditures are below a materiality threshold of \$1 million. (Creston Valley Wildlife Management Authority was exempted in 2004 under this criterion);
- (d) **The organization is undergoing significant transition through a restructuring initiative, and its future form and direction are not known.** Organizations exempted under this criterion are reviewed annually to determine whether the exemption should be continued (British Columbia Railway Company was temporarily exempted from preparing service plans in 2004 based on this criterion); and
- (e) **The organization's goals, objectives, performance measures and/or finances are sensitive and the public release of this information (as required under Sections 13 and 16 of the BTAA) would likely jeopardize its ability to fulfill its functions.** The five Employers Associations were exempted under this criterion as their primary role is to coordinate and conduct collective bargaining, coordinate compensation for exempt (public sector excluded and executive employees who are not covered by collective agreements), employees, and support employers in the areas of benefit administration and human resource practices. Their purpose, governance, and a high level description of their activities and financial position is reported through the service plans and annual reports of their ministry responsible.

DISCUSSION:

Pacific Carbon Trust is being wound up as a Crown corporation, and its functions are being transferred to the Carbon Action Secretariat of the Ministry of Environment. The expected legal wind-up date is July 1, 2014, but the functional transfer of responsibilities is expected to be March 31, 2014. The corporation will prepare an annual report for 2013/14, but its operations will be included in the Ministry of Environment's service plans and annual reports after that time. However, because it will still legally exist as a Crown corporation as of Budget Day 2014, an exemption under the BTAA from preparing a 2014/15 – 2016/17 service plan is required.


OPTIONS:

1. Recommend to the Lieutenant Governor in Council, after consultation with the Auditor General, that Pacific Carbon Trust be exempted from BTAA requirement (under sections 13) to produce a service plan for 2014/15 – 2016/17 on the basis that it is winding up as a Crown corporation.
2. Do not recommend to the Lieutenant Governor in Council Pacific Carbon Trust be exempted from BTAA requirement (under sections 13) to produce a service plan for 2014/15 – 2016/17 under the BTAA.

RECOMMENDATION:

Option 1: If you concur, a letter to the Auditor General to fulfill the BTAA obligation to consult is attached for your signature. Crown Agencies Resource Office staff will then work with Legislative Counsel to prepare the necessary regulation as part of the legislative package for *Budget 2014*.

APPROVED / NOT APPROVED

Honourable Michael de Jong Q.C.
Minister of Finance

Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: N/A
Date Required: N/A

Initiated by: Mary Tkachyk
Executive Director
Crown Agencies Resource Office

Date Prepared: January 21, 2014

Ministry Contact: Jill Rogers
Senior Advisor
Crown Agencies Resource Office

Phone Number: (250) 387-8187
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333916

TITLE: *Budget Transparency and Accountability Act* Regulation to exempt Provincial Capital Commission from the service plan reporting requirement (section 13) of the *Budget Transparency and Accountability Act*

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: _____

Associate DM approval: _____

DATE PREPARED: January 21, 2014

TITLE: *Budget Transparency and Accountability Act* Regulation to exempt Provincial Capital Commission from the service plan reporting requirement (section 13) of the *Budget Transparency and Accountability Act*

ISSUE:

The Crown Agencies Resource Office (CARO), in consultation with Treasury Board Staff, is recommending that a regulation under the *Budget Transparency and Accountability Act* (BTAA) be made to exempt Provincial Capital Commission from section 13 of the BTAA, given that it will still be in existence on Budget Day 2014.

BACKGROUND:

The BTAA requires that three-year service plans (section 13) and annual service plan reports (section 16) for government organizations covered by the Act must be made public annually. There are currently 30 government organizations (Crown corporations) that are required to prepare service plans and annual service plan reports.

Section 24 of the BTAA empowers the Lieutenant Governor in Council, on the recommendation of the Minister of Finance after consulting with the Auditor General, to exempt a government organization from the application of sections 13 and/or 16 by regulation. The regulation should be completed before the date that the 2014/15 – 2016/17 service plans have to be tabled in the Legislative Assembly (February 18, 2014). If the regulation is not completed by that date, a non-compliance statement will have to be made in the Legislative Assembly by the Minister Responsible if a service plan is not tabled.

Since February 2002, government organizations have been exempted from sections 13 and 16 for the following five reasons:

- (a) **The organization has already ceased operations, is inactive or will cease operations during the fiscal year.** These organizations cannot be expected to produce a meaningful plan that includes goals, objectives and performance measures for a three-year period. This criterion has been used for the majority of exemptions;
- (b) **The organization's activities are reported in the service plan and annual report of another organization.** Examples include BC Transportation Financing Authority (reported under the Ministry of Transportation and Infrastructure) and Provincial Rental Housing Corporation (reported under the BC Housing Management Commission).

- (c) **Materiality.** The organization's provincial funding, and/or revenues and expenditures are below a materiality threshold of \$1 million. (Creston Valley Wildlife Management Authority was exempted in 2004 under this criterion);
- (d) **The organization is undergoing significant transition through a restructuring initiative, and its future form and direction are not known.** Organizations exempted under this criterion are reviewed annually to determine whether the exemption should be continued (British Columbia Railway Company was temporarily exempted from preparing service plans in 2004 based on this criterion); and
- (e) **The organization's goals, objectives, performance measures and/or finances are sensitive and the public release of this information (as required under Sections 13 and 16 of the BTAA) would likely jeopardize its ability to fulfill its functions.** The five Employers Associations were exempted under this criterion as their primary role is to coordinate and conduct collective bargaining, coordinate compensation for exempt (public sector excluded and executive employees who are not covered by collective agreements), employees, and support employers in the areas of benefit administration and human resource practices. Their purpose, governance, and a high level description of their activities and financial position is reported through the service plans and annual reports of their ministry responsible.

DISCUSSION:

Provincial Capital Commission is being wound up as a Crown corporation with an expected wind-up date of March 31, 2014. However, because it will still exist as a Crown corporation as of Budget Day 2014, CARO has received legal advice that an exemption under the BTAA from preparing a 2014/15 – 2016/17 service plan is required to meet the requirements of the Act. The corporation will prepare an annual report for 2013/14.

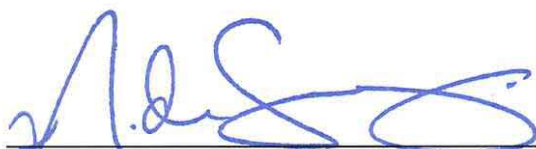
OPTIONS:

1. Recommend to the Lieutenant Governor in Council, after consultation with the Auditor General, that Provincial Capital Commission be exempted from BTAA requirement (under sections 13) to produce a service plan for 2014/15 – 2016/17 on the basis that it is winding up as a Crown corporation.
2. Do not recommend to the Lieutenant Governor in Council that Provincial Capital Commission be exempted from BTAA requirement (under sections 13) to produce a service plan for 2014/15 – 2016/17 under the BTAA.

RECOMMENDATION:

Option 1: If you concur, a letter to the Auditor General to fulfill the BTAA obligation to consult is attached for your signature. Crown Agencies Resource Office staff will then work with Legislative Counsel to prepare the necessary regulation as part of the legislative package for *Budget 2014*.

APPROVED / NOT APPROVED



Honourable Michael de Jong Q.C.
Minister of Finance

Jan. 27, 2014

Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: January 9, 2014
Date Required: January 15, 2014

Initiated by: Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Date Prepared: January 14, 2014

Ministry Contact: John Mazure
Assistant Deputy Minister
Gaming Policy Enforcement Branch

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333759

TITLE: Appointment of Provincial Directors to the Board of the Interprovincial Lottery Corporation

PURPOSE:

(X) FOR INFORMATION

DATE PREPARED: January 14, 2014

TITLE: Addition of GPEB ADM/GM to Board of Interprovincial Lottery Corporation

ISSUE: Whether to replace one of three BCLC candidates with the GPEB ADM/GM on the ILC board.

BACKGROUND:

The Interprovincial Lottery Corporation (ILC) was established by the provincial lottery organizations in 1976 to operate joint lottery games across Canada. Today it oversees two regular games, Lotto 6/49 and Lotto Max, and Celebration (a special event lottery). Each provincial organization is individually responsible for marketing the national games within its own jurisdiction, and revenues are returned to each province in proportion to generated sales.

Under the ILC agreement with shareholders (provinces and territories or their representative gaming corporations), British Columbia is entitled to have three directors – plus BCLC’s CEO – sit on the ILC board of directors.

The Gaming Policy and Enforcement Branch’s (GPEB) General Manager (who is also Assistant Deputy Minister (ADM)) typically sits on the ILC board and attends meetings as appropriate.

During the transition from Derek Sturko to Doug Scott as the ADM of GPEB in 2011, BCLC appointed a fourth member to fill the empty space on the Board. As Doug Scott was never appointed to the board after his arrival, only BCLC representatives sat on the ILC Board in 2012/13. BCLC nominated the same three representatives and its CEO to sit on the 2013/14 board.

Appointees will sit on the board until the next ILC Annual Shareholders Meeting in September 2014, or until successors are appointed.

DISCUSSION:

In June of 2013, GPEB’s ADM/GM, Doug Scott, recommended that, given ILC’s importance in the national and provincial gaming industry, the head of BC’s gaming regulator be appointed to the ILC Board. Appointing GPEB’s ADM/GM to the board requires one of the BCLC appointees be removed. At that time a decision was made to keep all three BCLC employees on the ILC board of directors.

Constance Ladell, General Counsel and Corporate Secretary, has been removed as BCLC’s member, as she is no longer with BCLC and we propose replacing her with a provincial appointee, John Mazure, the current ADM of GPEB.

The ILC does not view the regulator's (GPEB General Manager's) involvement in the Board to be a conflict of interest. The ILC's Unanimous Shareholder Agreement specifically confers provincial control and discretion to elect members to the Board of Directors, based on a population calculation from each region. As a shareholder, BC has the discretion to elect three members, in addition to the required appointment of the head of the BC Lottery Corporation. Other provinces, such as Ontario and PEI, also have regulators as members of the ILC Board. Currently, other provincial appointees include:

- Barry Goodwin, Assistant Deputy Minister, Ministry of Finance, Ontario
- Elizabeth Yeigh, Director, Ministry of Finance, Ontario
- Doug Clow, Secretary to Treasury Board Designate, Department of Finance, Energy & Municipal Affairs, PEI

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C. **Date Requested:**
Minister of Finance

Date Prepared: January 9, 2014

Initiated by: Jim Hopkins
Assistant Deputy Minister
Provincial Treasury

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Ministry Contact: Jim Hopkins
Assistant Deputy Minister

Phone Number: 250 387-9295
Email: Jim.Hopkins@gov.bc.ca

Cliff #: 333702

TITLE: Meeting with Bank of China (Canada) (week of January 13, 2014 to be confirmed)

PURPOSE:
(X) FOR INFORMATION

COMMENTS:

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: January 9, 2014

TITLE: Meeting with Bank of China (Canada)

Mr. Lijun Wang, CEO, Toronto (Bio in Appendix A)

Mr. Heng Wang, Executive Vice President, Vancouver Office

Ms Jacqueline Yam, Downtown Vancouver Branch Manager

Background:

- Mr. Lijun Wang met with Premier Christy Clark in early October 2013. In late November, the Premier met with the Bank of China Chair and senior bank executives in Beijing. Mr. Wang has requested to follow up on these meetings to discuss:
 - - s16, s17, s21
 - how the bank can help Canada and Vancouver become a Renminbi (RMB) trading center; and
 - the bank's interest in working with the government on its next bond offering in the offshore RMB bond market.
- The Bank of China (BOC) is one of China's four big state-owned commercial banks. The others are the Industrial and Commercial Bank of China, Agricultural Bank of China and Construction Bank of China. BOC is the most international of the Chinese banks with a presence in 31 countries. The bank is 9th largest in the world based on Tier 1 capital of US \$122 billion.
- The Bank of China (Canada) (BOCC), a wholly-owned subsidiary, was incorporated as a Schedule II bank in September 1992 and is the largest among Chinese banks in Canada. With branches in BC (Vancouver, Richmond, Burnaby), Ontario (Toronto, Scarborough, Markham, North York, Mississauga), Alberta (Calgary) and Québec (Montreal), the bank provides financial services to Chinese enterprises, corporate and individual customers, local communities, visa students and temporary residents in Canada. The bank in Canada has total assets of \$1.4 billion and realized a \$8 million profit for the current year.
- In fall 2013, the bank moved all of its trade finance operations for Canada to Vancouver to take advantage of BC's favourable tax treatment under the *International Business Activity Act* and the volume of trade going through Vancouver to Asia.
 - s17, s21
- BOC is the lead Chinese bank which clears and settles RMB in the international market place. The main international RMB clearing and settlement center is

Hong Kong under management of BOC. The bank is uniquely positioned to advise and support creation of a RMB trading center in Canada with participation by Vancouver.

- BOC served as co-manager in the province's recent offshore RMB bond issue. The role was minor but did recognize the capital market coverage supplied by the bank and their capabilities as underwriter and distributor of offshore RMB bonds.

DISCUSSION:

s16, s17, s21

2. RMB Trading Center

A related and collateral opportunity is afforded from BOCC expansion in Canada and Vancouver as a Schedule 3 bank. The bank has indicated interest in helping Vancouver become a RMB trading centre and participate in the internationalization of the RMB, all of which offers potential new lines of business for Vancouver's financial community and high-value jobs. Bank of China could be especially instrumental in Vancouver's success, given the lead global role it plays as clearing center for RMB transactions in Hong Kong.

Expansion of the bank's platforms along the lines mentioned can lead to settling trade in RMB to enhance BC penetration into China's export market, accumulation of RMB deposits, RMB denominated banking/treasury services and investment, foreign exchange business, and providing the critical mass for supporting a RMB trading centre in Vancouver for the Pacific coast of the Americas. Establishing a RMB center in Canada, likely shared by Vancouver and Toronto, is only possible with federal Finance support by entering into key business/financial agreements with the Peoples' Bank of China (PBOC), e.g. a RMB swap facility between PBOC and the Bank of Canada .

BC is uniquely positioned among jurisdictions in North America to advance establishing Canada as a RMB center given its trade/economic and people relationship with China. Yet, to be sure, there is no certainty of the outcome while the risks would be expected to be to the upside. Over the course of the next 2 months, the Ministry of Finance will

undertake further research and analysis to more closely weigh the potential benefits of establishing a RMB trading center in Canada with Vancouver participation.

3. Offshore RMB Bond Market

Following the province's recent bond issue, BOC has been very responsive in covering Provincial Treasury on RMB bond market developments as well providing indicative levels for a new issue. They have indicated interest in a greater role in the next provincial issue

s17, s21

s17, s21

A new provincial RMB bond issue may fit well for the province in the new fiscal year and Provincial Treasury plans to continue to monitor the market and encourages BOC to assist.

s17

s17

Key Points

- Reinforce that the trade and investment relationship with China is of critical importance to BC, and that the Bank of China can be instrumental in maintaining and growing this relationship.
- Express appreciation for how the BOCC is undertaking to expand its banking business platforms in Vancouver, including making Vancouver its headquarters for Canadian trade finance operations. Inquire how this business is progressing for BOCC.

-

s16, s17, s21

- Seek advice as to how the Province can support further expansion.
- Express BC's interest in working with the Bank of China to identify appropriate energy and natural resource investment opportunities, and offer to put the Bank in contact with the appropriate BC government officials.
- Confirm government's interest in positioning Canada and Vancouver as a North American RMB trading center and, more specifically, help from BOC with further assessment of the benefits which would be expected and how best to generate market interest among other banks, financial institutions and corporations.
- Express appreciation for BOC's participation in the province's recent offshore RMB bond issue and for the subsequent market coverage which BOC has provided staff in the Ministry of Finance.

s17

s17

