

**Ministry of Finance  
BRIEFING DOCUMENT**

<b>To:</b>	Honourable Michael de Jong Minister of Finance	<b>Date Requested:</b>	April 1, 2015
		<b>Date Required:</b>	October 05, 2015
		<b>Date Prepared:</b>	October 02, 2015
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		<b>CLIFF #:</b>	345523

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**TITLE:** Report of Guarantees and Indemnities authorized and issued by the Province for the fiscal year ended March 31, 2015

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**PURPOSE:**

**FOR INFORMATION**

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**COMMENTS:**

- The *Financial Administration Act* requires the Minister of Finance to lay a report respecting the guarantees and indemnities approved during the preceding fiscal year before the Legislative Assembly as soon as possible after the end of the fiscal year. Appended to this briefing note is the report for tabling in the Legislature.
- The information in this briefing note is background for the Minister of Finance respecting the contents of the report. It is not to be tabled in the House with the report. It only covers guarantees and indemnities that are considered to require further explanation.

**DATE PREPARED: October 02, 2015**

**TITLE:** Report of Guarantees and Indemnities authorized and issued by the Province for the fiscal year ended March 31, 2015.

**BACKGROUND:**

- To support program delivery, the government is often required to provide guarantees and indemnities to third parties.
- The Province indemnifies against loss, damage or injury arising out of activities carried out by or on behalf of the Province. Indemnities are normally for an unlimited amount and represent a liability only if the circumstance that gives rise to an indemnity payment occurs. Each is vetted carefully on its own merit before approval. Indemnities are a standard part of many government contracts.
- Indemnities issued for excluded employees are governed by the Excluded Employees (Legal Proceedings) Indemnity Regulation and is administered by Public Service Agency.
- The Province has provided payment guarantees for various Public Private Partnership infrastructure projects. These guarantees would become payable in the event the responsible entities default on payments required by the respective agreements.
- The Minister of Finance may provide blanket approval to a government entity which allows it to give indemnities in the course of carrying out its programs. Indemnities issued by government entities are reported separately under the Financial Information Act. The Minister of Finance determines the time period for which the approval applies. Blanket approval indemnities were not issued to government entities during the current fiscal period. However, the following government entities have outstanding blanket approvals to issue indemnities from prior fiscal periods:

BC Hydro and Power Authority, BC Railway Co, BC Transit, BC Housing Management Commission, Insurance Corporation of BC, Knowledge Network, North Island College, Provincial Rental Housing Corporation, Rapid Transit Project 2000 Ltd., Simon Fraser University, University of British Columbia, and University of Victoria.

- The Risk Management Branch (RMB) reviews and maintains a central repository of all approved indemnities other than those issued for excluded employees. The executive director or a delegate of RMB has the authority to review and accept an indemnity proposal. The executive director is responsible for any payment requests related to approved indemnities issued.
- Ministries are responsible for managing their own guarantees and indemnitees processes. This includes risk assessments and annual reporting requirements. Ministries must report to the Office of the Comptroller General all approved guarantees and indemnities for the fiscal year.

**DISCUSSION:**

- There were four guarantees reported by ministries during the year, three of them relate to P3 projects and one increases with loan guarantees program:
  - Emily Carr University of Art & Design Campus Redevelopment Project (Ministry of Advanced Education);
  - Children's and BC Women's Redevelopment Project Phase 2;
  - North Island Hospitals Project (Ministry of Health); and
  - Loan Guarantee Program for the three (3) Feeder Associations (Ministry of Agriculture)
- The indemnities reported only include entities in the Consolidated Revenue Fund. The 954 approved ministry indemnities for fiscal 2014/15 generally fall into one of seven categories:
  - **Special (5 approvals)** – These indemnities cover a wide range of applications, but generally involve unique situations that are outside the control of the Province and therefore, expose the Province to risk that it would not have in the absence of the indemnity. Where such an indemnity is necessary to conclude a contract, all measures are taken to reduce the risk to government before approval is granted. These applications include the following:
    - transfer of assets and undertakings relating to the operations formerly carried on by the Pacific Carbon Trust;
    - assumption and distribution agreement with Pacific Carbon Trust;
    - processing and payment of Workers' Compensation Board of British Columbia related billing to Medical Health Care;
    - good faith acts of Business Practices and Consumer Protection Authority appointed board of trustees; and
    - transfer of assets and liabilities in anticipation of Rapid Transit Project 2000 Ltd. dissolution.
  - **Legal Representation (15 approvals)** – These indemnities cover legal costs of individuals (usually employees or former employees) who are named, or could be named, in litigation or appear as witnesses in litigation. No further information can be provided as details are subject to the *Freedom of Information and Protection of Privacy Act* and confidentiality agreements. (This does not include any Excluded Employee Indemnities)
    - Refer to Table 2 for the detailed breakdown
  - **Land Deals (3 approvals)** – These indemnities relate to various land purchase or sale arrangements. Where the Province indemnifies for pre-existing environmental matters, all measures are taken to assure that the contamination risk is low to ensure these indemnities are not likely to be called on. These indemnities include the following:

- purchase of portion of land for the purpose of enlarging Prudhomme Lake Provincial Park and a Statutory Right of Way over a portion of the Diana Lake Park;
  - purchase of a real property in Smithers, British Columbia; and
  - purchase of lands relating to Partington Creek School Site.
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- **Services Provided to the Province (34 approvals)** – These indemnities are included in agreements with contractors who provide services directly to government, or on behalf of government, where the services themselves expose the contractor to risk above their normal operations. Often specialists in their field, the only contractors available or qualified to deliver the required services are unable to obtain insurance to protect themselves or the Province from losses arising out of those activities. In these circumstances, the Province has little choice but to indemnify the contractors for losses arising out of the activities undertaken to deliver the contracted services or risk having no service provider.
  - **Leases, Rights of Way, Occupancy Permits (67 approvals)** – These indemnities cover a wide range of agreements related to the Province's occupation or access to private lands or property including office leases, access required for communications installations, and land access required for various transportation projects.
  - **General (42 approvals)** – These indemnities are related to risks that are generally within the control of the Province, primarily arising from the acts or omissions of the Province. Normally, the other party to the contract would agree to a similar indemnity regarding their own responsibilities.
  - **Activities for Children in Care (788 approvals)** – These indemnities are included in various forms of releases, waivers and agreements for children in care participating in various recreational, educational and sports activities. Because the Province is the legal guardian for children in care, liability for the actions of these children rests with the Province and these approvals are considered low risk. For certain common forms, where several children participated, blanket approval was granted.

**Table 1:**

<b>Comparison of Fiscal Year Totals of Indemnities by Category</b>											
<b>Fiscal Year</b>	<b>Children in Care</b>	<b>Leases, Rights of Way, and Permits</b>	<b>General</b>	<b>Services Provided to the Province</b>	<b>Legal Representation</b>	<b>Special</b>	<b>Olympics</b>	<b>Land Deals</b>	<b>P3s and ASDs</b>	<b>Other</b>	<b>Total</b>
<b>2014/15</b>	788	67	42	34	15	5	N/A	3	N/A	N/A	<b>954</b>
<b>2013/14</b>	722	85	64	21	6	7	N/A	6	1	1	<b>913</b>
<b>2012/13</b>	624	145	59	24	5	3	N/A	N/A	N/A	32	<b>892</b>
<b>2011/12</b>	685	52	67	27	7	8	N/A	2	1	47	<b>896</b>
<b>2010/11</b>	811	57	44	14	2	6	3	7	1	37	<b>982</b>
<b>2009/10</b>	693	44	55	21	8	3	24	8	N/A	15	<b>871</b>
<b>2008/09</b>	589	67	52	19	4	6	8	8	N/A	15	<b>768</b>
<b>2007/08</b>	449	32	23	25	6	15	4	4	4	N/A	<b>562</b>
<b>2006/07</b>	340	54	35	8	4	10	2	8	3	27	<b>491</b>
<b>2005/06</b>	230	42	37	9	11	17	4	N/A	12	24	<b>386</b>

**PLEASE NOTE:** Details on many of the indemnities are subject to *FOIPPA* and confidentiality agreements, and therefore, should not be made public without first contacting the Risk Management Branch.

Specific indemnities worth noting are:

**Justice**

*Indemnities, 20151881, 20151885, 20151999, 20152646, 20152694, 20152710, 20152720, 20152967, 20153004, 20153146, 20153168, 20153281, 20153313, 20153631 and 20153633 to individuals employed by the Province -- These are Legal Representation Agreements for legal expenses.*

The individuals included in the indemnities are:

**Table 2:**

Number	Indemnities	Subject
20151881	s.22	
20151885		
20151999		
20152646		
20152694		
20152710		
20152720		
20152967		

20153004	s.22
20153146	
20153168	
20153281	
20153313	
20153631	
20153633	

**All indemnities specific to the Minister of Finance:****Table 3:**

<b>Number</b>	<b>Indemnatee</b>	<b>Subject</b>
20152149	University of British Columbia	Indemnity issued to University of British Columbia (UBC) for the rental of meeting space at UBC Robson Square
20152551	Canada Border Services Agency	Indemnity issued to Canada Border Services Agency for the collection of Provincial Sales Tax with respect to the importation of non-commercial taxable goods
20152583	Royal Bank of Canada	Indemnity issued to Royal Bank of Canada for the provision of financial services
20152850	Bank of China (Hong Kong) Limited	Indemnity issued to Bank of China (Hong Kong) Limited for the provision of banking services
20153293	Office of the Superintendent of Financial Institutions Canada	Indemnity issued to the Office of the Superintendent of Financial Institutions Canada for data processing services for various companies identified in Annex A
20153325	Bank of Montreal	Indemnity issued to Bank of Montreal for online services
20153346	various individuals	Indemnity issued to various individuals for performing statutory functions on behalf of the Province as a hearing officer
20153405	Simon Fraser University Morris J Wosk Centre	Indemnity issued to Simon Fraser University, Morris J Wosk Centre for use of the Morris J Wosk Centre for Dialogue for an event on February 26, 2015
20153456	United Overseas Bank Limited	Indemnity issued to United Overseas Bank Limited with respect to instructions via the agreed modes of transmission
20153512	Sheraton Vancouver Wall Centre	Indemnity issued to Sheraton Vancouver Wall Centre for the rental of facilities for the Credit Union Industry Conference June 17/18, 2015
20153585	Canadian Standards Association	Indemnity issued to Canadian Standards Association (CSA) for the sale and use of certain CSA publications, as it relates to the CSA-ISO 31000



**Ministry of Finance  
BRIEFING DOCUMENT**

<b>To:</b>	Honourable Michael de Jong Minister of Finance	<b>Date Requested:</b>	April 1, 2014
		<b>Date Required:</b>	September 18, 2014
		<b>Date Prepared:</b>	September 16, 2014
<b>Initiated by:</b>	Peter Milburn Deputy Minister Ministry of Finance	<b>Phone Number:</b>	250 387-3184
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		<b>CLIFF #:</b>	338974

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**TITLE:** Report of Guarantees and Indemnities authorized and issued by the Province for the fiscal year ended March 31, 2014

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:**

- The *Financial Administration Act* requires the Minister of Finance to lay a report respecting the guarantees and indemnities approved during the preceding fiscal year before the Legislative Assembly as soon as possible after the end of the fiscal year. Appended to this briefing note is the report for tabling in the Legislature.
- The information in this briefing note is background for the Minister of Finance respecting the contents of the report. It is not to be tabled in the House with the report. It only covers guarantees and indemnities that are considered to require further explanation.

**DATE PREPARED:** September 16, 2014

**TITLE:** Report of Guarantees and Indemnities authorized and issued by the Province for the fiscal year ended March 31, 2014.

**BACKGROUND:**

- To support program delivery, the government is often required to provide guarantees and indemnities to third parties. The report details those guarantees and indemnities that were approved between April 1, 2013 and March 31, 2014.
- The Province indemnifies against loss, damage or injury arising out of activities carried out by or on behalf of the Province. Indemnities are normally for an unlimited amount and represent a liability only if the circumstance that gives rise to an indemnity payment occurs. Each is vetted carefully on its own merit before approval. Indemnities are a standard part of many government contracts.
- The Province may also provide payment guarantees for various infrastructure projects. These guarantees would become payable in the event the responsible entities default on payments required by the respective agreements.
- The Minister of Finance may provide blanket approval to a government corporation to allow it to give indemnities in the course of carrying out its programs. The Minister of Finance determines the time period for which the approval applies. The following government entities have received blanket approval for indemnities:

BC Hydro and Power Authority, BC Railway Co, BC Transit, BC Housing Management Commission, Insurance Corporation of BC, Knowledge Network, North Island College, Provincial Rental Housing Corporation, Rapid Transit Project 2000 Ltd., Simon Fraser University, University of British Columbia, and University of Victoria.

- The Risk Management Branch (RMB) reviews and maintains a central repository of all approved indemnities. The director or a delegate of RMB can approve an indemnity provided that RMB also has reviewed and accepted the indemnity proposal. The director is responsible for any payments requests related to indemnities issued.
- Risk Management Branch does not maintain a central repository of guarantees. Ministries are responsible for their own process in managing requests for guarantees and indemnities, which includes risk assessments and annual reporting of the information. Ministries must report to the Office of the Comptroller General all approved guarantees issued for the fiscal year.

**DISCUSSION:**

- There were no guarantees reported by ministries during the year.
- The indemnities reported only include entities in the Consolidated Revenue Fund. The 913 approved ministry indemnities for fiscal 2013/14 generally fall into one of nine categories:
  - **Special (7 approvals)** – These indemnities cover a wide range of applications, but generally involve unique situations that are outside the control of the Province and therefore, expose the Province to risk that it would not have in the absence of the indemnity. Where such an indemnity is necessary to conclude a contract, all measures are taken to reduce the risk to government before approval is granted.
  - **Legal Representation (6 approvals)** – These indemnities cover legal costs of individuals (usually employees or former employees) who are named, or could be named, in litigation or appear as witnesses in litigation. No further information can be provided as details are subject to the *Freedom of Information and Protection of Privacy Act* and confidentiality agreements. (This does not include any Excluded Employee Indemnities)
  - **Land Deals (6 approvals)** – These indemnities cover various land purchase or sale arrangements, including several related to transportation projects. Risks are assessed based on the individual circumstances. Where the Province indemnifies for pre-existing environmental matters, all measures are taken to assure that the contamination risk is low to ensure these indemnities are not likely to be called on.
  - **Gateway Program (1 approval)** – These indemnities relate to land acquisition, land access, and other agreements pertaining to the Gateway road and bridge improvement projects in the Lower Mainland.
  - **Public Private Partnerships & Alternative Service Delivery (1 approval)** – This indemnity relates to the Public Private Partnership for the Okanagan Correctional Centre Project.
  - **Services Provided to the Province (21 approvals)** – These indemnities are included in agreements with contractors who provide services directly to government, or on behalf of government, where the services themselves expose the contractor to risk above their normal operations. Often specialists in their field, the only contractors available or qualified to deliver the required services are unable to obtain insurance to protect themselves or the Province from losses arising out of those activities. In these circumstances, the Province has little choice but to indemnify the contractors for losses arising out of the activities undertaken to deliver the contracted services or risk having no service provider.

- **Leases, Rights of Way, Occupancy Permits (85 approvals)** – These indemnities cover a wide range of agreements related to the Province's occupation or access to private lands or property including office leases, access required for communications installations, and land access required for various transportation projects.
- **General (64 approvals)** – These indemnities are related to risks that are generally within the control of the Province, primarily arising from the acts or omissions of the Province. Normally, the other party to the contract would agree to a similar indemnity regarding their own responsibilities.
- **Activities for Children in Care (722 approvals)** – These indemnities are included in various forms of releases, waivers and agreements for children in care participating in various recreational, educational and sports activities. Because the Province is the legal guardian for children in care, liability for the actions of these children rests with the Province and these approvals are considered low risk. For certain common forms, where several children participated, blanket approval was granted.

Comparison of Fiscal Year Totals of Indemnities by Category											
Fiscal Year	Children in Care	Leases, Rights of Way, and Permits	General	Services Provided to the Province	Legal Representation	Special	Olympics	Land Deals	P3s and ASDs	Other	Total
2013/14	722	85	64	21	6	7	N/A	6	1	1	913
2012/13	624	145	59	24	5	3	N/A	N/A	N/A	32	892
2011/12	685	52	67	27	7	8	N/A	2	1	47	896
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2006/07	340	54	35	8	4	10	2	8	3	27	491
2005/06	230	42	37	9	11	17	4	N/A	12	24	386

**All indemnities specific to the Minister of Finance:**

<b>Number</b>	<b>Indemnitee</b>	<b>Subject</b>
20140070	IHS Global Inc.	Indemnity issued to IHS Global Inc. for a Subscription Agreement effective June 1, 2012, between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and IHS Global Inc. with respect to software licenses for products used by provincial staff to conduct economic analysis.
20140300	Standard & Poor's Rating Services	Indemnity issued to Standard & Poor's Rating Services in Terms and Conditions Applicable to Credit Ratings between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and Standard & Poor's Ratings Services for credit rating services.
20140325	British Columbia Investment Management Corporation	Indemnity issued to British Columbia Investment Management Corporation (bcIMC) with respect to the Funds Management Agreement between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and British Columbia Investment Management Corporation for governing the investment by bcIMC of certain CRF Accounts, Sinking Fund Accounts and Trust Fund Accounts.
20140501	Hongkong and Shanghai Banking Corporation Limited	Indemnity issued to Hongkong and Shanghai Banking Corporation Limited for the General Terms and Conditions between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and the HongKong and Shanghai Banking Corporation Limited (HSBC) for opening a bank account in Hong Kong.
20141048	The Toronto-Dominion Bank	Indemnity issued to the Toronto-Dominion Bank for an Indemnity Agreement between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and the Toronto Dominion Bank regarding the fraudulent redirection of funds.

- Specific indemnities worth noting are:

**Justice**

Number	Indemnatee	Subject
20141633	s.22	

*Indemnities, 20140191, 20140240, 20140241, 20140242, 20140243, and 20140244 to individuals employed by the Province – These are Legal Representation Agreements for legal expenses.*

The individuals included in the indemnities are:

Number	Indemnatee	Subject
20140191	s.22	
20140240		
20140241		
20140242		
20140243		
20140244		

20141267	Smartsheet.com, Inc.	Indemnity issued to Smartsheet.com, Inc. for the User Agreement between Her Majesty the Queen as represented by the Ministry of Finance and Smartsheet.com, Inc. regarding the use of internet delivered work collaboration services.
20141311	The Bank of New York Mellon (Luxembourg) S.A.	Indemnity issued to the Bank of New York Mellon (Luxembourg) S.A. for an Engagement Letter between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance and the Bank of New York Mellon (Luxembourg) S.A. for the listing of Notes on the Luxembourg Stock Exchange and trading on the Euro MTF Market.
20140694 s.22		
20140708	Blue Tree Hotels GP ULC, as general partner of Blue Tree Hotels L.P. as owner of and D/B/A as the Westin Ottawa	Indemnity issued to Blue Tree Hotels GP ULC, as a general partner of Blue Tree Hotels L.P. as owner of and dba as the Westin Ottawa for an agreement between Blue Tree Hotels GP ULC, as a general partner of Blue Tree Hotels L.P. as owner of and dba as the Westin Ottawa, and the Financial Institutions Commission as host of the Credit Union Prudential Supervisors Association (CUPSA) meeting on November 27, 2013.
20141069	Sheraton Hotel Newfoundland	Indemnity issued to Sheraton Hotel Newfoundland for an Agreement between Financial Institutions Commission (FICOM) and Sheraton Hotel Newfoundland for the rental of facilities for the Credit Union Prudential Supervisors Association meeting from June 4 to June 7, 2014.
20141444	Waterfront Hospitality Inc.	Indemnity issued to Waterfront Hospitality Inc. for a Letter of Agreement between Financial Institutions Commission and Waterfront Hospitality Inc., operating as the Fairmont Waterfront, for the rental of conference space from June 23 to June 24, 2014.

20141731	Equifax Canada Co.	Indemnity issued to Equifax Canada Co. for a Service Agreement between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance, Financial Institutions Commission and Equifax Canada Co. for delivery of a consumer analytics solution tool to FICOM.
20140294	Royal BC Museum	Indemnity issued to Royal BC Museum for a Loan Agreement between Royal BC Museum and Government House with respect to a long term loan of a carved mantelpiece by an individual for display at Government House.

**CHANGES TO THE REPORT:**

- In December 2013, the Auditor General issued a report on Special Indemnities which included a recommendation for additional disclosure that has been addressed in a new section at the end of the report (page 88).
- Disclosure of the number of indemnities issued to employees under the new Excluded Employee (Legal Proceedings) Regulation has also been included in this new section.

**PLEASE NOTE: Details on many of the indemnities are subject to FOIPPA and confidentiality agreements and therefore, should not be made public without first contacting the Risk Management Branch.**