

EXECUTIVE MEMBER BIOGRAPHY

Tara Richards, Assistant Deputy Minister, Corporate Services Division



Tara was appointed as Assistant Deputy Minister, Corporate Services and EFO on July 17, 2014, with responsibility for corporate financial and facilities services, strategic human resources, information management and performance management and corporate priorities. In 2016, Tara took on the responsibility of Acting Chief Executive Officer of the Financial Institutions Commission (FICOM). FICOM regulatory responsibility includes credit unions and trust companies, insurance companies, pension plans, real estate, mortgage brokers and the Credit Union Deposit Corporation.

Over the past 19 years in government, Tara has held progressively responsible positions in various ministries, most recently as the Executive Director, Property Taxation Branch, Revenue Division at Finance. Tara's background includes roles in policy and legislation, operations, intergovernmental relations, and corporate policy and planning services in the Ministry of Children and Family Development and the Ministry of Health.

Tara has a Master's Degree in Public Administration and an undergraduate degree in Political Science from the University of Victoria.

Corporate Services Division

ADM Responsible: Tara Richards

Core Business/ Program Area Description/Critical Business Processes:

- The Corporate Services Division (CSD) provides a suite of strategic business and support services to the Ministry of Finance, the Office of the Premier, Minister's Offices, Government House, the Financial Institutions Commission, and the Conflict of Interest Commissioner, enabling clients to achieve their objectives and comply with corporate policy and legislation.
- CSD supports the ministry's objectives by providing a set of core internal ministry processes, including corporate governance services, advice and support in finance, strategic human resources, information management, business planning, performance management, internal communication, technology, Freedom of Information, and administration.
- CSD is responsible for leading and/or coordinating Finance's corporate initiatives and requirements including the ministry budget and reporting, integrated strategic planning, Business and Service Plans, ministry LEAN projects, Leading Workplace Strategies, and the Business Continuity Plan.

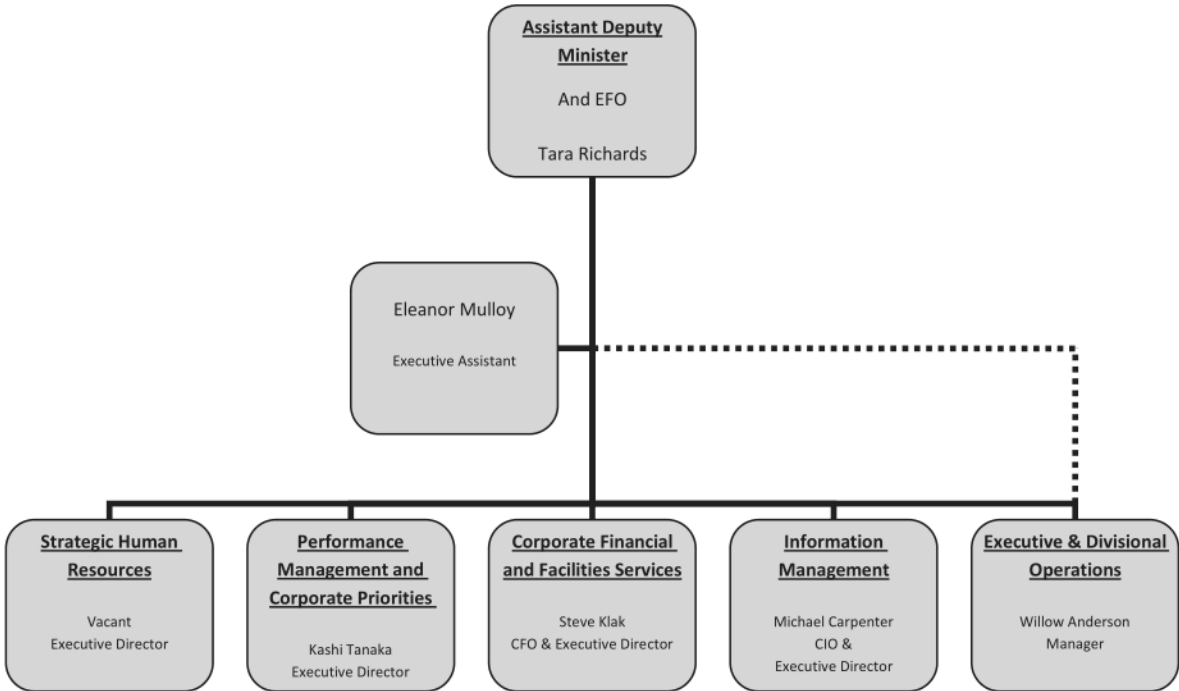
Budget:

2017/18: \$24,570,000
2018/19: \$24,490,000
2019/20: \$24,491,000

Full Time Equivalent (FTE) Utilization:

122 FTEs as at March 15, 2017

Organizational Chart:





MAR 15 2017

357331

Bud Smith, Chair
Board of Directors
BC Lottery Corporation
74 West Seymour Street
Kamloops BC V2C 1E2

Dear Mr. Smith:


I am writing to acknowledge the work underway by BC Lottery Corporation (BCLC) in reviewing options that will result in the revitalize of its head office facility in Kamloops. The Provincial Government is committed to the renewal of BCLC's headquarters in Kamloops, where it continues to make a strong contribution to the local economy.

During the last 30 years, BCLC has generated \$1.1 billion of economic activity and 11,962 full-time-equivalent worker years of employment in the Kamloops area. Redevelopment plans for BCLC's headquarters would further contribute to the financial and economic prosperity in Kamloops.

To ensure that the best option is selected and BC taxpayers get the most value for money, it is important that BCLC continue to develop a comprehensive concept plan that thoroughly defines the need and provides a preliminary assessment of the possible solutions once this initial work has been completed we will be in a position to proceed to the development of a more detailed business plan.

I look forward to receiving a concept plan from BCLC in the next few weeks that outlines in more detail both the proposal for a new building and the cost-benefit analysis for a new building versus renovation of the existing facility. Throughout this assessment process, Ministry of Finance staff are available to help guide BCLC.

Sincerely,


Michael de Jong, Q.C.
Minister

.../2

cc: Jim Lightbody
Chief Executive Officer and President
BC Lottery Corporation

Amanda Hobson
Vice President and Chief Financial Officer
BC Lottery Corporation

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Tara Richards
Assistant Deputy Minister and Executive Financial Officer
Ministry of Finance

MEMBER STATUS REPORT

BRITISH COLUMBIA LOTTERY CORPORATION

Name	Place of Residence	Initial Appointment	Expiry	OIC
Stuart (Bud) D.B. Smith - Chair	Kamloops	2013/7/19 (Chair) 2012/05/31	2018/05/31	OIC 259/16 (Chair)
Trudi Brown	Victoria	2008/04/02	2017/06/30	OIC 258/16
Moray B. Keith	Delta	2008/12/11	2017/12/31	OIC 745/15
Robert Holden	Kamloops	2013/11/27	2018/12/31	OIC 750/15
Wendy Lisogar-Cocchia	West Vancouver	2013/11/27	2018/11/30	OIC 749/15
Christina Anthony	Vancouver	2014/11/03	2018/12/31	OIC 744/15
Andrew James Brown	Richmond	2015/12/31	2018/12/31	OIC 260/16
Matthew Gerard Watson	Victoria	2015/12/04	2017/12/31	OIC 747/15
Vacancy				

Pursuant to the Gaming Control Act

Board Composition:

2 (1) The British Columbia Lottery Corporation is continued as a corporation consisting of not more than 9 directors, each appointed by the Lieutenant Governor in Council.

(5) The Lieutenant Governor in Council may appoint one of the directors as chair of the lottery corporation.

MEMBER STATUS REPORT

BRITISH COLUMBIA SECURITIES COMMISSION

Name	Place of Residence	Initial Appointment	Expiry	Comments
Douglas M. Hyndman (member)	Vancouver	1987/04 (unspecified term)	At Pleasure	OIC 801/1987
Brenda Leong (CEO and Chair)	Vancouver	2009/10/07	2018/12/31	OIC 849/16
Nigel P. Cave (Vice-Chair)	North Vancouver	2014/01/31	2018/12/31	OIC 849/16
J.D. (Don) Rowlett	Saanich	2008/04/16	2018/12/31	OIC 571/16
Suzanne K. Wiltshire	North Vancouver	2006/07/13	2018/12/31	OIC 849/16
Audrey T. Ho	Vancouver	2012/12/10	2018/12/31	OIC 707/15
Judith B. Downes	Vancouver	2012/12/10	2018/12/31	OIC 709/15
George C. Glover, Jr.	North Saanich	2012/12/10	2018/12/31	OIC 706/15
Gordon L. Holloway	Abbotsford	2013/02/28	2018/12/31	OIC 708/15
Vacant				
Vacant				

Pursuant to the Securities Act

Board Composition:

s. 4(1) The British Columbia Securities Commission is continued as a corporation consisting of up to 11 members appointed as follows by the Lieutenant Governor in Council after a merit-based process:

- (a) one member designated as the chair and chief executive officer of the commission;
- (b) one or more members designated as vice chairs after consultation with the chair;
- (c) other members appointed after consultation with the chair.

Updated: May 2, 2017

BC Securities Commission

Governing Legislation

Specific governing legislation:

- Securities Act

General governing legislation for all crown corporations:

- Budget Transparency and Accountability Act
- Financial Administration Act
- Financial Information Act
- Freedom of Information and Protection of Privacy Act
- Information Management Act
- Public Sector Employers Act

Legislative Priorities

- The government of British Columbia along with the governments of New Brunswick, Ontario, Prince Edward Island, Saskatchewan, Yukon and Canada are working on the Cooperative Capital Markets Regulatory System (CCMRS).
- The implementation of the CCMRS will lead to the wind-down of the BC Securities Commission and will require legislative changes.

BC Securities Commission

Biographies

Brenda M. Leong was appointed Chair and Chief Executive Officer in 2009. In that role, she leads the BCSC to meet its strategic objectives and public interest mandate to ensure market integrity and investor protection. She has direct oversight of the offices of the Executive Director and General Counsel and is a member of the BCSC's governance, human resources, and audit committees. As a member of the Canadian Securities Administrators, North American Securities Administrators, and International Organization of Securities Commissions, Ms. Leong represents the BCSC on emerging issues in securities regulation.

Prior to taking on the BCSC's top job, Ms. Leong served as the Commission's executive director and chief enforcement officer from 2004 - 2009. She practiced corporate law with a Vancouver law firm earlier in her career.

Nigel Cave was a former partner of the Vancouver office of Borden Ladner Gervais LLP, where he was the leader of that office's Capital Markets group and a member of the firm's management committee. He practiced business and securities law across a wide range of industries with a focus on corporate finance, mergers and acquisitions, corporate governance and advising capital markets participants including registrants, stock exchanges and self-regulatory agencies. Mr. Cave received his business and law degrees from the University of British Columbia.

Judith Downes is a lawyer and recently retired partner in Bull Housser & Tupper's corporate finance and securities group. She was also an active member of its business law and mining groups. She has experience in structuring and negotiating mergers and acquisitions and all types of equity and debt financings for both public and private entities. She provided advice on a wide range of securities regulatory matters including corporate governance, continuous disclosure obligations, incentive and compensation plans and general corporate matters. Ms. Downes has also been a contributing author on The Continuing Legal Education Society of BC's British Columbia Company Law Practice Manual - Securities Law Issues in Corporate Procedures section. She has an LLB from the University of British Columbia. Ms. Downes is a member of the Commission's Human Resources Committee.

George Glover was the former Managing Partner for Fasken Martineau DuMoulin LLP (Toronto office). He practiced business law, with a focus on governance, securities, mergers and acquisitions, and financial institution law across a broad range of businesses. He acted as principal Canadian Counsel on a large number of significant Canadian and international transactions. More recently, Mr. Glover was an Adjunct Professor and Director for the Business Law Clinic at the Faculty of Law of the University of Victoria, where he continues as Senior Adviser. Mr. Glover received his LLB from the University of Toronto. Mr. Glover is chair of the Commission's Governance Committee and a member of the Audit Committee.

.../2

Audrey T. Ho As the former Senior Vice President, Chief General Counsel and Corporate Secretary of TELUS Corporation, Ms. Ho led TELUS' legal strategy to advance the company's strategic objectives and business plans. She led TELUS' legal and compliance teams and over 50 professionals, and played an integral role in the company's major initiatives. Ms. Ho also championed the evolution of many TELUS board governance practices that have been externally recognized as exemplary by the Canadian business community. Currently, Ms. Ho is a member of the Advisory Committee to the Dean of the UBC Law School, on the National Centre for Business Law. Ms. Ho has a Bachelor of Laws from the University of Toronto. Ms. Ho is a member of the Commission's Governance Committee and Human Resources Committee.

Gordon Holloway is a chartered accountant with over 30 years' experience, serving investment, construction and transportation companies, real estate development and educational institutions, and not-for-profit organizations. He worked at Ernst & Young, McKnight Johnson, and KPMG Chartered Accountants, where he currently works as a consultant. Mr. Holloway has extensive volunteer experience including, serving as President of the Institute of Chartered Accountants of BC; and serving on the boards of the City of Abbotsford Economic Development Commission, the Abbotsford Chamber of Commerce, and the Abbotsford Community Foundation. He is a graduate of Simon Fraser (BA); the Institute of Chartered Accountants of BC; the KPMG International Partner Program at the Wharton School, University of Pennsylvania; and the Institute of Corporate Directors Program for Not-For-Profit Organizations. Mr. Holloway is a member of the Commission's Audit Committee.

Don Rowlatt is an economist and, effective July 1, 2009, a retired professor of finance and assistant dean in the University of Victoria's Faculty of Business. Mr. Rowlatt was previously vice-president of finance and operations at the University of Victoria, vice-president of administration for the University of Saskatchewan, and Saskatchewan's deputy minister of Labour and associate deputy minister of Finance. He received a doctorate in economics from Princeton University and a bachelor of commerce in economics from the University of Saskatchewan. Mr. Rowlatt is the chair of the Commission's Human Resources Committee.

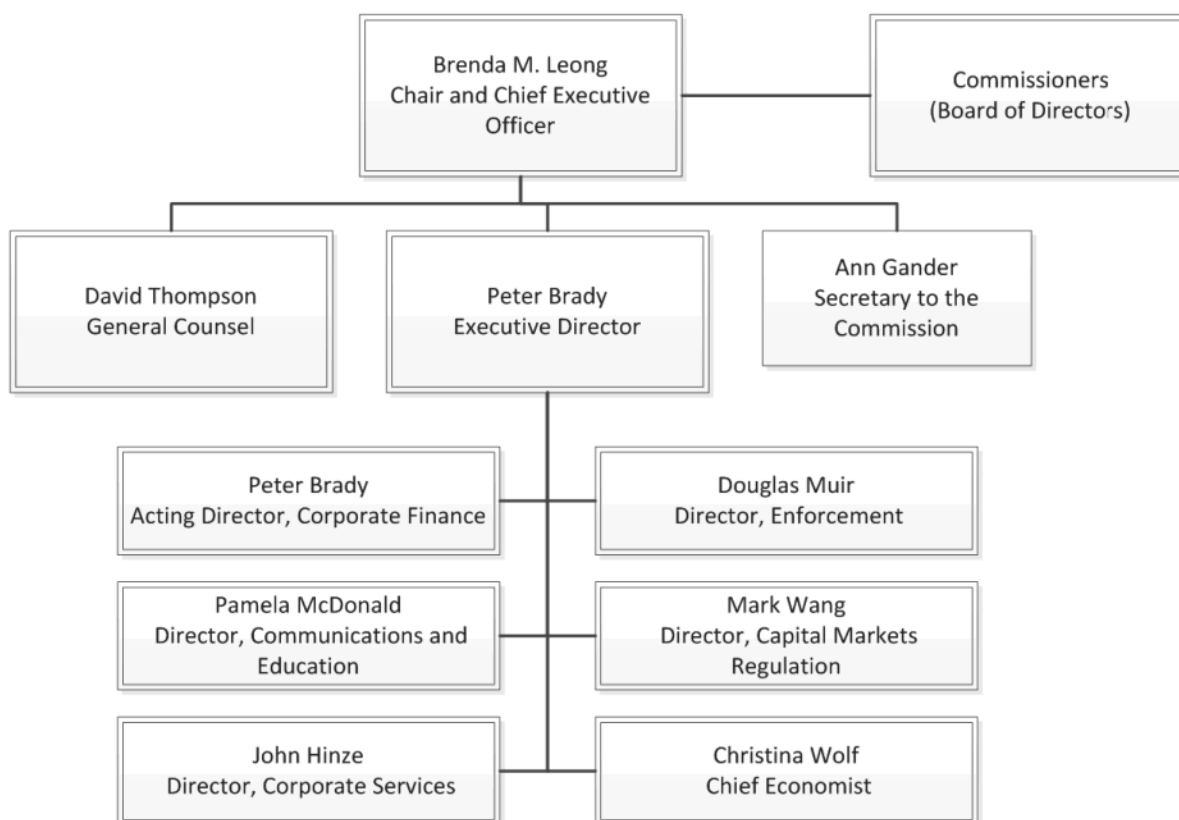
Suzanne Wiltshire is a graduate of McMaster University and the Faculty of Law at the University of Toronto. She has practised law in British Columbia, Alberta and Ontario and has a broad background in business law, corporate finance and corporate governance. She gained her significant experience in corporate and securities law working primarily in the natural resources sector, including as general counsel for Westar Group. Ms. Wiltshire also has extensive administrative law experience having worked as an arbitrator and as an adjudicator in a variety of settings. She is a member of the Law Society of British Columbia and is also a designated Chartered Arbitrator and a member of the British Columbia Mediator Roster, Civil. Ms. Wiltshire is the chair of the Commission's Audit Committee and is a member of the Commission's Governance Committee.

BC Securities Commission

Senior Executive Team

- Brenda Leoung, Chair and Chief Executive Officer
- David Thompson, General Counsel
- Ann Gander, Secretary to the Commission
- Peter Brady, Executive Director
- Pamela McDonald, Director, Communications and Education
- Mark Wang, Director, Capital Markets Regulation
- Peter Brady, Acting Director, Corporate Finance
- Douglas Muir, Director, Enforcement
- John Hinze, Director, Corporate Services
- Christina Wolf, Chief Economist

Organizational Chart



BC Lottery Corporation

Governing Legislation

Specific governing legislation:

- *Gaming Control Act*

General governing legislation for all crown corporations:

- *Budget Transparency and Accountability Act*
- *Financial Administration Act*
- *Financial Information Act*
- *Freedom of Information and Protection of Privacy Act*
- *Information Management Act*
- *Public Sector Employers Act*

Legislative Priorities

- No current issues

BC Lottery Corporation

Biographies

Bud Smith, Q.C. is an active Kamloops-based businessman with ownership interests in engineering, construction, lending and travel companies operating in BC and Alberta.

A former Attorney General, Mr. Smith brings experience as Kamloops Member of the Legislative Assembly (1986 - 1991) and Cabinet Minister (Regional Economic Development, 1988 - 1991). Mr. Smith has served on a number of Crown Corporation boards including Canada Post Corporation (1991 -1994), BC Development Corporation (1979 - 1983), Prince Rupert Port Authority (2007 - 2009/ Chair, April 2012), and Ridley Terminals Inc. (2009 - 2012).

Mr. Smith has given his time to a number of community services and programs including the Diocese of Cariboo (Chancellor), the Kamloops Chamber of Commerce, and the Western Canada Theatre Company (Trustee). Mr. Smith, QC, is a University of Victoria graduate who obtained his law degree from the University of British Columbia in 1974.

Mr. Smith joined the Board of BCLC in May 2012 and was named Chair in August 2013.

Christina Anthony is Vice President, Director, Portfolio Manager, and Investment Advisor at Odium Brown Limited, where she manages money for many high net worth individuals, families and foundations by investing in both the Canadian and foreign markets. Mrs. Anthony also serves on the firm's Executive Committee and Fixed Income Oversight Committee. She is currently the Chair of the Forum for Women Entrepreneurs of BC (FWE BC), a non-profit organization which she founded in 2002 to mentor and educate women entrepreneurs in British Columbia. Mrs. Anthony also serves on the Board of the VGH & UBC Hospital Foundation, Chairs the HR Committee and serves on the Advisory Board of Wear Else. She previously served as a member of the Board of Governors of Capilano University and as a member of the Small Business Roundtable of BC. Prior to Odium Brown, she was a Bond Trader and Investment Banker at Goldman Sachs in New York and an Investment Advisor with Goldman Sachs in Seattle. Mrs. Anthony holds a Bachelor of Commerce Degree in Finance from the University of British Columbia and obtained her Chartered Financial Analyst (CFA) designation from the CFA Institute in 2002. s.22

s.22

Mrs. Anthony joined the Board of BCLC in 2015.

Andrew Brown is a passionate technology leader and a Partner at Neural Impact Inc., a boutique consulting agency based in Vancouver. A BCIT graduate, Mr. Brown has over 20 years of experience working with software and technology companies in British Columbia and Silicon Valley. Holding sales and marketing leadership positions with IBM Canada, SAP and Work at Play, Mr. Brown has experience in both building and leading teams, and managing P&Ls across the enterprise software, ecommerce, business analytics, and cloud markets. In each position, Mr. Brown has increased revenue and profit by helping his customers unlock the business value of technology.

Mr. Brown joined the Board of BCLC in December, 2015.

BC Lottery Corporation

Trudi Brown received her BA and LLB from the University of British Columbia and was called to the bar in 1974. She is managing partner of the law firm Brown Henderson Melbye LLC.

Ms. Brown sits on the Board of the Nana Foundation and is a member of the Board of Governors of the International Academy of International Lawyers. She is also a Life Bencher of the Law Society of BC, serving as President (Treasurer) in 1998, the Co-Chair of the National Family Law Program and sits on the executive of the Victoria Symphony. She is a past Board Member of the BC Law Institute, PacificSport Victoria, the Continuing Legal Education Society of BC, Mt. St. Mary Hospital, the Canadian Bar Association (BC Branch), the University of Victoria, the Canadian Chapter of the International Association of Matrimonial Lawyers, the Red Cross of Victoria and BC, the United Way of Greater Victoria, the Victoria Women's Transition House Society and the Victoria Sexual Assault Centre.

Ms. Brown joined the Board of BCLC in 2008.

Bob Holden is an Associate Investment Advisor for Bank of Montreal Nesbit Burns. Previously he was Chief Financial Officer of Pinnacle Renewable Energy, and a Partner with KPMG LLP.

Mr. Holden has always been very active in the community, and most recently served on the Board of Governors of Thompson Rivers University and as a Director of Venture Kamloops. He was also a Director on the North Thompson Relief Fund, Kamloops Enterprise Development Society, Thompson Rivers University Alumni Association, Vice Chair of the 1996 Labatt's Canadian Curling Championships, and Vice President of Finance of the 1993 Canada Games Society. He holds his Bachelor of Commerce from the University of British Columbia and is a designated Chartered Accountant.

Mr. Holden joined the Board of BCLC in November 2013.

Wendy Lisogar-Cocchia is the Chief Executive Officer of the Century Plaza Hotel & Spa and Absolute Spa Group, Canada's largest and most entrepreneurial spa chain. Mrs. Lisogar-Cocchia's community involvement includes serving as a Business Council of British Columbia Governor, Vancouver Police Foundation Trustee, Royal Roads University Fellow and Vancouver Board of Trade Chair in 2012. She is a University of British Columbia graduate who attained a Bachelor of Arts degree and is a proud founding contributor to the Langara College Spa Technology Program.

Mrs. Lisogar-Cocchia is known not only for her entrepreneurial drive but also for her philanthropic endeavours. Over the past twenty-five years she has raised considerable funds for British Columbia's special children. Her current goal as co-founder of the Pacific Family Autism Centre is to make a significant difference for those living with Autism Spectrum Disorder.

Mrs. Lisogar-Cocchia recently received an Honorary Doctorate (Honoris Causa) from the Justice Institute of British Columbia, the British Columbia Community Achievement Award, the C.H.I.L.D Foundation Humanitarian Award, Canada's Most Powerful Women: Top 100, BC's Most Influential Business Women, and the Queen's Diamond Jubilee Medal.

Mrs. Lisogar-Cocchia joined the Board of BCLC in November 2013.

BC Lottery Corporation

Moray Keith is the President of Dueck Auto Group - three GM dealerships in Greater Vancouver including Dueck on Marine (one of the largest dealerships in Canada), Dueck Downtown, and Dueck Richmond.

Mr. Keith serves on the boards of a number of organizations, including the Richmond Oval Corporation, the Vehicle Sales Authority, the New Car Dealers Association of BC, and the Vancouver Board of Trade. He is also President of the Delta Police Foundation and Regional Director of the Canadian Forces Liaison Council.

Mr. Keith's sports and community involvement includes serving as President of the Chiefs Development Group, which built and opened the Prospera Centre Arena in Chilliwack, BC, the Langley Events Centre in Langley, and the Moose Jaw Multiplex in Moose Jaw, SK. He is co-owner of the Chilliwack Chiefs BCHL Hockey Club. In recognition of his lifetime endeavours in the sports and business community of British Columbia, Mr. Keith was awarded the prestigious JCC Sports Personality of the Year Award, and has been inducted into the BC Football Hall of Fame.

Mr. Keith joined the Board of BCLC in 2008.

Matthew Watson joined BCLC's Board of Directors in December 2015.

Mr. Watson brings more than 20 years of experience in technology industry leadership to the BCLC Board. Mr. Watson is currently the Executive Chair of SendtoNews, North America's largest online video distribution network and was an owner of Armorlogic, a leader in information technology security software for large enterprises, before the company was sold to Alert Logic of Houston, Texas in 2013. In previous roles, Mr. Watson was the Chief Operating Officer of Carmanah Technologies during its rapid rise from a marine lighting company to a global leader in Solar LED lighting. He also held a similar role with ACD Systems during its evolution from a start-up to a significant global player in digital imaging software.

Prior to entering business, Mr. Watson practiced law with a large national firm. He holds a BA and LLB/JD from the University of British Columbia. Mr. Watson has served on several public and private boards including as a current board member and chair of Audit & Finance of Vancouver Island Health Authority, eight years as a board member of the Victoria International Airport, and as an advisory board member of the University of Victoria's Gustafson School of Business.

BC Lottery Corporation

Senior Executive Team

- Jim Lightbody, *Chief Executive Officer and President*
- Monica Bohm, *Vice President, eGaming*
- Brad Desmarais, *Vice-President, Casino and Community Gaming*
- Susan Dolinski, *Vice-President, Social Responsibility and Communications*
- Kevin Gass, *Vice-President, Lottery Gaming*
- Patrick Davis, *Chief Information Officer, Business Technology*
- Amanda Hobson, *Vice-President, Chief Financial Officer, Finance and Corporate Services*
- Jamie Callahan, *Vice-President, Human Resources*
- Rob Kroeker, *Vice-President, Corporate Security and Compliance*

Jim Lightbody

On March 31, 2015, BCLC's Board of Directors appointed Jim as President and Chief Executive Officer of the corporation. He held the role on an interim basis since January 30, 2014.

Over the past 14 years, Jim has also served as Vice President of Lottery Gaming and Vice President of Casino and Community Gaming. He has provided leadership and direction in strategy, marketing and product development as well as operational responsibility for the provision of products, services and support for players and business partners.

Prior to joining BCLC, Jim held a wide range of responsibilities in the retail and hospitality industries with companies such as Procter & Gamble, Nabob Foods, BC Hot House and Sun Rich Fresh Foods. This has instilled in him a keen sense of creating value for customers through innovation and partnering with key stakeholders in the delivery of the customer experience.

Jim holds a Bachelor of Commerce degree from the University of British Columbia with a major in marketing. He sits on the Thompson Rivers University School of Business and Economics Advisory Board, the Kamloops Blazers Ownership Advisory Group, and also volunteers as the Chair of the Board of Trustees of the BC Sports Hall of Fame, and the Chair of the BC Horseracing Management Committee.

Monica Balm

Monica is responsible for the strategic direction of the eGaming business unit, and Business Intelligence, CRM & Digital Services for all departments of BCLC. She provides leadership in all aspects relating to operations, development and marketing of BCLC's secure and regulated gambling website, PlayNow.com.

Monica is passionate about business development at BCLC and has had strategic involvement in many programs that improve business health, grow participation and meet expectations of current and future customers. Previous to her role in eGaming, she served as Interim VP for the Casino & Community Gaming Division where she was responsible for overall operations and the strategic direction of B.C.'s gaming facilities. She also led efforts to evolve BCLC's customer relationship

BC Lottery Corporation

management strategy, broaden the customer base and introduce innovative products in the casino gaming business.

Since 2003, Monica has played a leading role in a variety of strategic initiatives at BCLC including the launch of PlayNow.com and the development of the Community Gaming Centre business model. As the Director of BCLC's 2010 Olympic Sponsorship, she led the implementation of a wide range of corporate sponsorship initiatives.

Monica has over 30 years of experience in marketing for Canadian clients in a broad range of industries. She attended the University of British Columbia where she earned a Bachelor of Commerce in Marketing.

Brad Desmarais

Brad provides leadership and strategic direction for gaming facilities, marketing and product development as well as operational responsibility for the delivery of products and services for players and business partners.

Brad joined BCLC in February 2013 as VP of Corporate Security & Compliance. His responsibilities included all aspects of security, compliance, legal services, privacy and Freedom of Information administration. He led the development and implementation of corporate security and compliance policies and procedures for BCLC, our players and private sector service providers. In addition to his Executive role in Corporate Security & Compliance, Brad concurrently served as the Interim Vice President of Human Resources.

Brad has over 34 years combined service with the Vancouver Police Department and the RCMP. He served as Inspector in Charge of Major Crimes in the VPD organization where he was responsible for over 70 sworn members and civilian staff. Highlights of his career include recognized accomplishments and awards across all levels of policing including senior domestic and international operations and administrative management. Brad demonstrates strong team building skills through motivational and enthusiastic leadership. He has extensive training experience and is an accomplished lecturer on matters related to organized crime, money laundering, evidence collection in foreign jurisdictions and privacy issues in relation to the domestic and international financial industry.

Brad began his Police Training at the Justice Institute of British Columbia in 1979 s.22
s.22

Susan Dolinski

With BCLC since 2007, Susan guides BCLC's communications, social responsibility, and customer relations strategies. Susan has worked in the communications industry for 15 years and over this time has developed a passion for community engagement and used this passion to transform BCLC's approach to social media, stakeholder and community relations, helping to achieve the company's highest-ever public support ratings. Currently, Susan is spearheading an industry-wide effort to improve public understanding of the gaming industry and its immense contributions to BC's economy.

BC Lottery Corporation

Prior to her time at BCLC, Susan served as part of the executive team at the BC Ambulance Service, where she established the organization's media, government relations and communications programs, helping to raise the profile of paramedics. Starting her career in the forest industry, Susan led community relations for Canadian Forest Products Ltd. and later helped to launch and manage communications at Forestry Innovation Investment, a Crown Corporation established to promote BC forest products worldwide. Susan has led the crisis communications and issues management responses provincially and nationally during a number of high profile events in British Columbia. Susan holds a Bachelor of Arts in Political Science and has also worked in radio and TV. She is an active volunteer currently working with the Honour House Society of BC, the CKNW Orphan's Fund and the United Way.

Kevin Gass

Kevin is responsible for the strategic development of the Lottery business unit, providing leadership and strategic direction in support of marketing, sales and distribution of lottery brands. He has operational responsibility for staff who provide products, services and support to the organization, our customers and business partners.

Kevin joined BCLC in 2003 as Vice-President of Corporate Affairs. His background includes experience in senior corporate marketing and communications positions, as well as an extensive agency background. Kevin also enjoyed entrepreneurial success in two start-up businesses.

Kevin is currently the President of ILC (Interprovincial Lottery Corporation) for a two year term, 2017 & 2018. ILC is owned by Canada's 5 Lottery jurisdictions; Atlantic Lottery (AL), Loto-Quebec (L-Q), Ontario Lottery & Gaming Corporation (OLG), Western Canada Lottery Corporation (WCLC) and British Columbia Lottery Corporation (BCLC).

Kevin is a past member of the Board and executive committee of the Canadian Cancer Society, BC and Yukon Division, United Way Cabinet, Science World Board of Directors and was a founding board member of Canuck Place Children's Hospice.

Patrick Davis

Pat leads the Business Technology team that oversees the technology and systems that support BCLC's operations. From the purchase and validation of lottery tickets at one of our over 4000 retailers, to managing a complex network of 12,000 slot machines across the province, Pat is responsible for the technology that serves as the backbone for the business. His team develops and integrates innovative new technology, and enables the company to adapt quickly to changing business needs in support of its ongoing financial success.

Pat's responsibilities include software development and certification, enterprise architecture, the program management office, the technology infrastructure for lottery, casino, bingo and online gambling, as well as back office systems.

Pat joined BCLC in 2003 and most recently served as Director, Enterprise Architecture. He also held the role as Director, Program Management Office.

BC Lottery Corporation

He is a certified Project Management Professional Certification from the Project Management Institute and sits on the Software Engineering Advisory Committee at Thompson Rivers University. Pat also chaired the 2015 Special Olympics Provincial Winter Games Organizing Committee.

Amanda Hobson

Amanda joined BCLC as a Finance Director in 2013. Her effort, dedication and accomplishments were quickly rewarded with a rapid progression to CFO and VP, Finance and Corporate Services by December 2014. Amanda now leads a team of more than 100 staff and is responsible for the financial management, procurement, and corporate services of an organization with two offices, approximately 850 staff, and more than \$3 billion in revenue. Amanda's commitment to organizational excellence has made her instrumental in transforming BCLC's finance function to best support the business through a period of rapid change in which it delivered record profits to the Province of B.C. She is currently leading the redevelopment of the Corporation's head office in Kamloops, B.C.

Amanda serves on the Board of Directors for the Interprovincial Lottery Corporation and is a valued member of its Audit and Risk Committee. She is a member of the BC Council of CFOs and plays a leadership role on its Crown Corporations sub-committee. In 2017, Amanda was the recipient of the Business in Vancouver BC CFO award in the Emerging Leader Category.

Prior to joining BCLC, Amanda worked in public practice at Deloitte and held various positions in the energy sector, leading financial reporting, treasury, investor relations and other finance functions for public and private companies.

Jamie Callahan

As the Vice-President of Human Resources, Jamie is responsible for providing leadership in the development and implementation of HR programs, policies and practices; establishing HR strategies; performance management programs; employee engagement and retention strategies; staff development and succession planning; as well as compensation and benefits, while ensuring a healthy workplace culture and values.

Jamie has more than 20 years of senior human resources experience in both the public and private sector including Loblaw, the Yanke Group and various healthcare organizations. She has a breadth of experience in organizational transformation and change management and is highly skilled in leading functionally diverse organizations with various operational locations.

Jamie earned a Master of Arts in Leadership from Royal Roads University and a Bachelor of Management degree from the University of Lethbridge where she majored in Human Resources. She has completed the Lean Leader Certification program and also holds a Certificate in Labour Relations from the University of Athabasca.

Rob Kroeker

As the Vice-President of Corporate Security and Compliance, Rob provides executive leadership and oversight for corporate compliance, legal services, security services, information security and privacy, anti-money laundering and enterprise risk management.

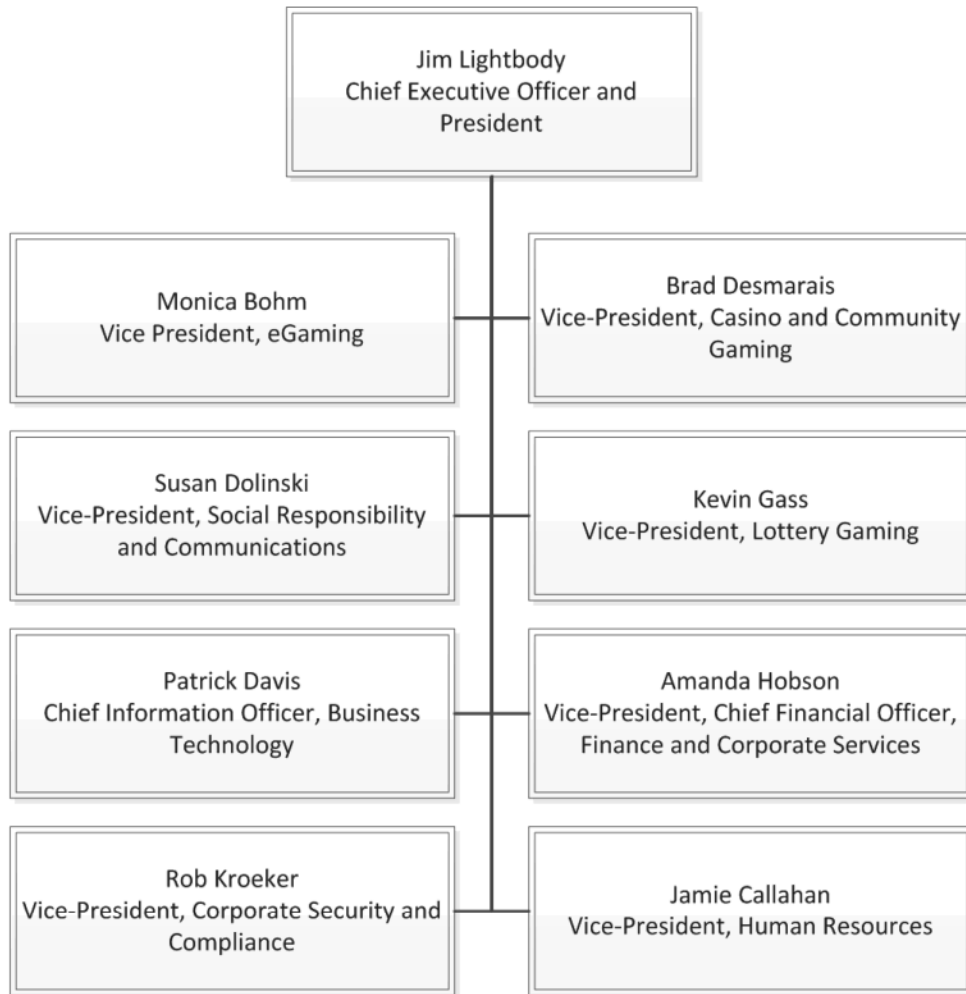
BC Lottery Corporation

Rob has extensive experience in the justice sector as well as executive experience in the gaming industry. In 2011, he was commissioned by the Province of BC to conduct a strategic review of the adequacy and effectiveness of compliance, security and anti-money laundering measures employed across the gaming industry. Rob is the Vice Chair of the Board of Governors for the Justice Institute of British Columbia, and is a former president of the Gaming Security Professionals of Canada.

Rob earned a Masters of Public Administration and Bachelor of Laws from the University of Victoria, as well as a Criminology degree from Simon Fraser University. He holds certification for the not-for-profit sector from the Institute of Corporate Directors. He was called to the bar in British Columbia in 1993. Rob has authored a number of publications, has taught at both the undergraduate and post graduate levels, and is a recipient of the Premier's Award for Organizational Excellence.

BC Lottery Corporation

Organizational Chart



MEMBER STATUS REPORT

PARTNERSHIP BC

Name	Initial Appointment	Position	Expiry
Diane Margaret Delves	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
James Greatbanks	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Dana Hayden	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Peter H. Kappel	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Jill Leversage	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Stephen (Steve) Lornie	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Julian Craig Paine	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure
Roberta Joyce Stewart	Shareholder Consent Resolution SR, November 26, 2015	Director	At Pleasure

Pursuant to the Business Corporations Act

Board Composition:

Partnerships BC is created under the *Business Corporations Act*. Accordingly, the number of directors may be fixed or changed from time to time by ordinary resolution.

Last update May 1, 2017

Partnerships BC

Governing Legislation

Specific governing legislation:

- Partnerships BC is not a regulatory crown and does not have specific governing legislation.
- Partnerships BC is incorporated under the *Business Corporations Act*

General governing legislation for all crown corporations:

- *Budget Transparency and Accountability Act*
- *Financial Administration Act*
- *Financial Information Act*
- *Freedom of Information and Protection of Privacy Act*
- *Information Management Act*
- *Public Sector Employers Act*

Legislative Priorities

- Partnerships BC does not have specific governing legislation and, as such, has not made requests related to legislation

Partnerships BC

Board of Directors (all Partnerships BC Directors serve at pleasure)

- Dana Hayden, Chair
- Peter Kappel – Director
- Jill Leversage – Director
- Jim Greatbanks – Director
- Diane Delves – Director
- Julian Craig Paine – Director
- Roberta Joyce Stewart – Director
- Steve Lornie – Director

Dana Hayden is an accomplished and experienced c-suite executive who provides expertise for private and public organizations through Hayden Consulting Services. Her areas of focus are natural resource development, international trade, property development and governance. Dana is currently Chair of the Board of Partnerships B.C., and a Director on the Boards of TimberWest, and the BC Parks Foundation.

Prior to establishing Hayden Consulting Services Dana spent 30 years in the British Columbia public sector where she held 6 Deputy Minister positions in natural resource and economic portfolios and served as President & CEO of the BC Pavilion Corporation, Destination BC and the BC Lottery Corporation.

Peter Kappel is a former Investment Banker who is currently managing a private investment portfolio. A former Chartered Accountant with KPMG in Vancouver and Frankfurt, he made the transition to Investment Banking with JP Morgan after Business School. He also served in senior roles at Nomura, Dresdner Kleinwort Wasserstein, Calyon and DVB Bank in London, in the latter three he was the Managing Director running European Securitisation businesses. With his focus on Asset Backed Securitisation he was involved in many groundbreaking transactions, was a regular speaker at ABS conferences and a former executive committee member of the European Securitisation Forum of the Bond Market Association. He holds an MBA from the Institut Européen d'Administration des Affaires, a Bachelor of Arts (Honours) in Economics from the University of Victoria and received his Chartered Accountant designation through the Institute of Chartered Accountants of BC.

Jill Leversage is the former Managing Director of TD Securities' Vancouver corporate and investment banking team. Jill has over 18 years of experience successfully executing numerous debt and equity financings and merger & acquisition advisory assignments for B.C.-based companies such as MacDonald Dettwiller, West Fraser, Versacold and Finning. Prior to her time at TD Securities', she served as the managing director at RBC Capital Markets and head of the Alternative Energy Sector for North America. Jill is a member of the Canadian Institute of Chartered Accountants and the Canadian Institute of Chartered Business Valuators. Jill was the 2012 recipient of the Business in Vancouver 'Women in Business Award'. She holds a bachelor of commerce from the University of Calgary.

Biographies

Jim Greatbanks has extensive experience in the construction sector in BC. He formed TNL Construction in 1987. TNL is focused primarily on industrial, mechanical and heavy civil projects across BC and western Canada, including the Great Bear Gold Mine in Muddy Lake, the Louisiana Pacific Pulpmill in Chetwynd, reconstruction of various elements of the Alaska Highway and Trans Canada Highway in Alberta, various projects at the Vancouver International Airport and the Klemtu Hydroelectric Project in Northern BC. Prior to founding TNL, Jim worked with MacMillan Bloedel and HA Simons primarily in remote location pulp and paper projects. Jim holds a degree in Mechanical Engineering and a diploma in Business Administration both from the University of Auckland.

Diane Delves is currently the President and Chief Executive Officer of Quantum Properties, a privately owned business which acquires, develops, constructs, sells and leases real estate. She has over 30 years of experience in the real estate industry as a developer, appraiser, arbitrator and adjudicator. Prior to founding Quantum Properties, Ms. Delves was the founder and principal of a Fraser Valley real estate appraisal company for 10 years. She has served on a number of real estate related boards and committees, including the Appraisal Institute of Canada, the BC Expropriation Compensation Board and the Federal Government's Payments in Lieu of Taxes Dispute Advisory Panel. She is currently a director of the Urban Development Institute and is Chair of the Fraser Valley group. She is also Vice Chair of the Abbotsford Airport Authority and was previously a director of the Aldergrove Credit Union. Ms. Delves is an Accredited Appraiser of the Appraisal Institute of Canada.

Julian Craig Paine A dedicated public servant, Julian Craig Paine was most recently the Assistant Deputy Minister (ADM) in the Ministry of Natural Gas Development. Prior to this role, he held ADM posts in the Ministry of Community, Sport, & Cultural Development and the Ministry of Aboriginal Relations. He also held Executive Director roles in the Ministry of Forests and Forests Renewal BC. Julian began his career in the BC Public Service as a Treasury Board analyst. Active in his community, Mr. Paine is on the crew of the RCM Search and Rescue. Julian completed a Bachelor of Science and a Masters in Public Administration from the University of Victoria.

Roberta Stewart is a Partner with Heather Sadler Jenkins LLP practicing in the areas of real property, wills and estate planning, estate administration, commercial loans, incorporations and corporate transactions and buying and selling businesses. She is an active member of the Prince George community, serving as Director of the MS Society (British Columbia and Yukon Division). Ms. Stewart has served as President and Director of the Prince George Crime Stoppers Association and as Member of the Prince George Estate Planning Council. She holds her Bachelor of Laws and Commerce in Finance and Economics from the University of Saskatchewan.

Steve Lornie has enjoyed a 40-year career in B.C.'s construction industry as a company owner and manager. His two general contracting companies, Fairmile and Stonecroft, built many industrial and commercial buildings around the province. Steve was active in the Independent Contractors and Businesses Association for a number of years, as a Director, Treasurer, and Chair. s.22

s.22

Partnerships BC

Senior Executive Team

Amanda Farrell, President & CEO

Amanda leads the company's efforts to improve customer service and business development and build on relationships with service providers, and current and future clients. She continues to lead the Evergreen Rapid Transit Line Project.

Amanda joined Partnerships BC in November 2004 and has held positions in a number of sectors since then. Most recently, Amanda held the position of Vice President, Projects with responsibility for supporting the high-quality delivery of planning, procurement, and contract management advice and support to clients in the development of major public infrastructure projects.

Prior to joining Partnerships BC, Amanda gained extensive public policy and operational experience in the UK.

Amanda holds a Bachelor of Sciences from the University of Reading, followed by postgraduate research at the University of Bath.

Michael Houle, Vice President

Michael Houle is a Vice President at Partnerships BC, overseeing all matters related to the justice sector and client and market engagement. During the course of his 30-year career, he has been responsible for the implementation of a number of major North American capital projects, resulting in measurable benefits to end users and taxpayers. Michael's experience also includes the leadership and structuring of alternative service delivery projects that optimized efficiencies in corporate, IT and operational service delivery.

With advanced degrees in Arts and Business Administration, Michael's more recent work history includes an extensive array of engagements ranging from service delivery planning and development to the analysis and implementation of infrastructure projects.

Chan-Seng Lee, Vice President Finance & Administration

Chan-Seng Lee joined Partnerships BC in December 2004. As Vice President of Finance and Administration, he is responsible for finance, information technology, human resources and administration for Partnerships BC. He brings 10 years of experience in finance, taxation, mergers and acquisitions, regulatory reporting, information technology, human resources and administration and corporate governance to the Company.

Prior to joining Partnerships BC, Chan-Seng was the Chief Financial Officer of CML Global Capital Limited, a publicly-listed international investment firm and an officer of Aspen Properties Ltd. and Consolidated Properties Limited, commercial real estate companies. Prior to this, Chan-Seng worked extensively with private companies in the areas of finance, acquisitions and taxation.

Chan-Seng is a Chartered Accountant and is a current member of the Institute of Chartered Accountants of British Columbia and the Canadian Institute of Chartered Accountants. Chan-Seng also holds a Bachelor of Commerce degree in Finance from the University of British Columbia.

Mark Liedeman, Vice President Projects

Partnerships BC

Mark Liedemann leads the management team responsible for the planning, procurement and implementation of large and complex infrastructure projects in BC and throughout Canada. Since joining Partnerships BC in 2008 Mark has held a number of positions and has led projects in the health, transportation and energy sectors.

Prior to joining Partnerships BC, Mark was a vice president at PricewaterhouseCoopers in its Infrastructure, Government & Utilities practice where he was involved in number of partnership projects in the health, transportation and rapid transit sectors.

Mark holds a Bachelor of Science from the University of British Columbia and a Masters of Business Administration from the University of Victoria. Mark earned his designation as a Chartered Financial Analyst charter holder in 2003.

Jeff Good, Assistant Vice President

Jeff Good is Assistant Vice President at Partnerships BC, with a focus on the health, energy, and water sectors. Jeff brings a strong finance, capital markets and procurement background to projects with Partnerships BC's involvement. Jeff has been involved in the planning and procurement of projects in the health, transportation, and water treatment sectors. Prior to joining Partnerships BC, Jeff worked at the Credit Union Central of British Columbia (CUCBC, now Central 1 Credit Union) as a Financial Risk Management Analyst. Jeff played an active role in all matters of investment policy compliance and management of CUCBC's \$3.5 billion dollar (CDN) portfolio. In addition, Jeff has worked at Toronto-Dominion as a Trader, and at National Bank Financial as an Investment Advisor. Jeff has a Bachelor of Business Administration with a Finance Major from Simon Fraser University. He is a Chartered Financial Analyst (CFA) charter holder and past executive member of the board of the CFA Victoria society.

Karen Mill, Assistant Vice President Legal

Karen Mill joined Partnerships BC in 2002. As Corporate Legal Counsel, she provides advice on corporate legal issues. In addition, Karen is responsible for providing project legal support primarily during the project procurement stage.

Karen articulated with the B.C. Ministry of Attorney General and was called to the B.C. Bar in September 1998. She has worked primarily in the B.C. public sector in the area of capital procurement and budgeting and also has a background in information and privacy and corporate law. From 2002-2006, and from 2014 onwards, Karen has served as corporate secretary for Partnerships BC.

Prior to working with Partnerships BC, Karen worked with Capital Division, Treasury Board Staff, B.C. Ministry of Finance.

Karen has a Bachelor of Arts and a Bachelor of Laws from the University of Victoria. She is a member of the Law Society of British Columbia and the Canadian Society of Corporate Secretaries.

Mark Pucsek, Assistant Vice President

Mark Pucsek is Assistant Vice President at Partnerships BC, with a focus on the accommodations sector. Mark provides strategic commercial advice, financial and risk analysis, and procurement services to Partnerships BC's clients. In this role, Mark advises senior public sector clients on

Partnerships BC

projects in the social housing, education and health sectors. Before joining Partnerships B.C., Mark was a Project Manager and Account Executive with British Columbia Building Corporation where he specialized in courts and corrections. Mark holds a Bachelor of Administrative Studies (Economics) from York University. He holds a designation with the Project Management Institute.

David Hubner, Assistant Vice President

David Hubner is an Assistant Vice President at Partnerships BC, leading a range of infrastructure project engagements from the early stages of conceptual development, through to service delivery planning, procurement analysis and implementation. He has a Master of Business Administration (Finance) and an economics degree and spent ten years in the banking sector and corporate finance area prior to his work in procurement. Over the past nine years, David has been involved in a number of major capital projects in the transportation, energy and accommodation sectors that have provided measurable benefits to end users and taxpayers.

Dave Stewart, Assistant Vice President

Dave Stewart joined Partnerships BC in April 2016, as Assistant Vice President, for the Transportation sector. He brings eighteen years of progressive experience in senior leadership positions within the Ministry of Transportation and Infrastructure, as Chief Financial Officer and with Treasury Board Staff in the Ministry of Finance.

Dave has broad experience in all phases of large transportation infrastructure projects, including: business case development, Treasury Board approval, procurement, project management, and extensive experience in budgeting and financial analysis. He has thorough knowledge of government budget and capital planning processes, along with an ability to forge productive relationships across government and with external stakeholders.

Dave is a designated Chartered Accountant and holds a Bachelor of Commerce degree from the University of British Columbia.

Kim Anderson, Assistant Vice President

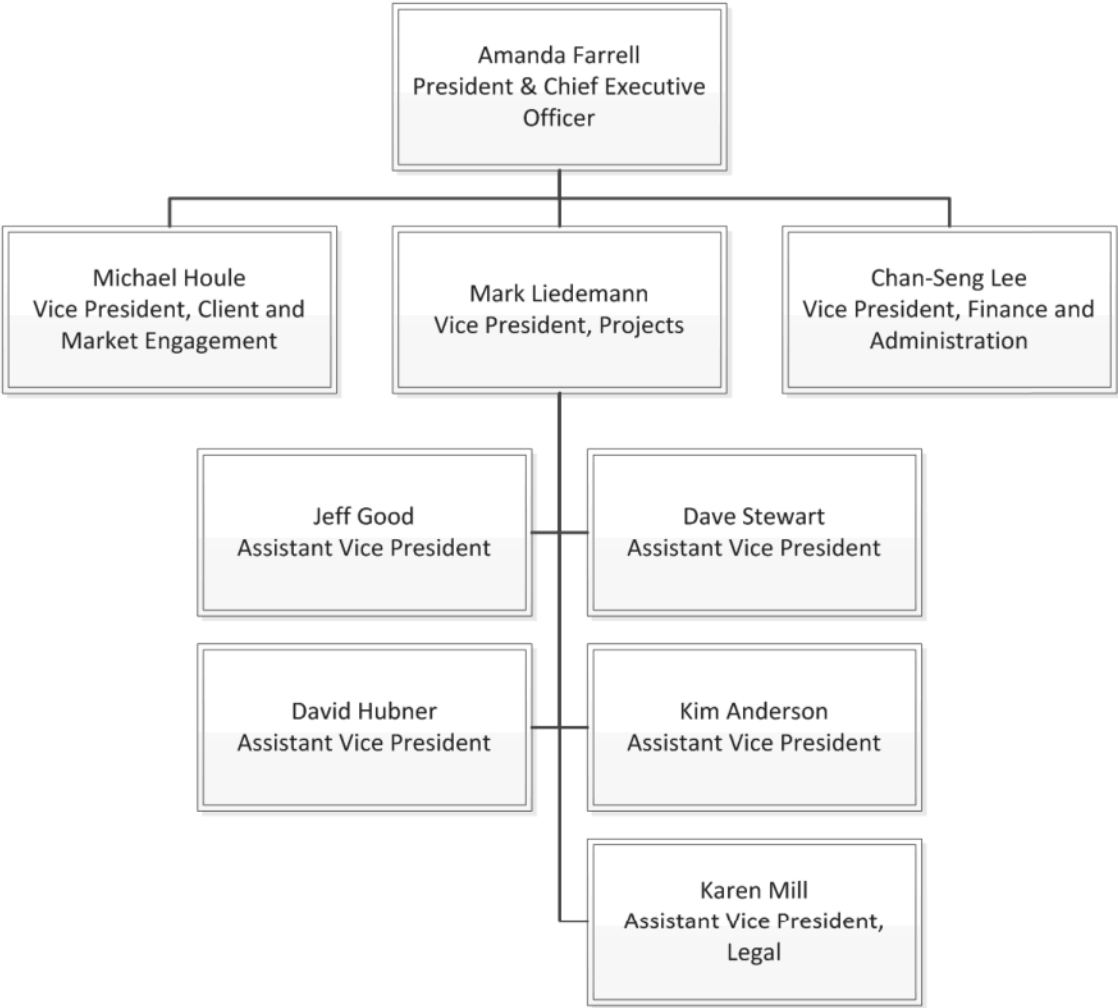
Kim Anderson is Assistant Vice President at Partnerships BC. Since joining Partnerships BC almost five years ago, Kim has worked primarily in the accommodations sector. She brings in-depth knowledge of Partnerships BC's service offerings blended with a deep understanding of design and construction, drawing from her engineering background.

Prior to joining Partnerships BC, Kim was the managing principal for a large consulting office in Victoria, responsible for project delivery, strategic planning, financial performance and acquisition integration.

Kim holds a Bachelor of Science degree in Civil Engineering from the University of Manitoba, and a Master of Business Administration degree from the University of Victoria.

Partnerships BC

Organizational Chart



MEMBER STATUS REPORT

Real Estate Council of British Columbia

Name	Place of Residence	Initial Appointment	Expiry	Comments
Robert D. Holmes – Chair	North Vancouver	2016/10/12	2017/10/31	OIC 701/16
Robert Gialloredo – Vice Chair	Victoria	2016/10/12 (2016/10/24-vc)	2018/10/31 (2017/10/31-vc)	OIC 699/16
Elana Valerie Mignosa	Vancouver	2016/10/12	2017/10/31	OIC 703/16
Sandra Lynn Heath	Vancouver	2016/10/12	2018/10/31	OIC 700/16
John Lawrence Daly	Vancouver	2016/10/12	2017/10/31	OIC 698/16
William Thomas Styffe	Okanagan Falls	2016/10/12	2018/10/31	OIC 697/16
Maili Wong	Vancouver	2016/10/12	2018/10/31	OIC 706/16
Sukhmander S. Sidhu	Abbotsford	2016/10/12	2018/10/31	OIC 704/16
Gerald Lawrence Martin	Abbotsford	2016/10/12	2018/10/31	OIC 702/16
Laurie Marie Sterritt	Vancouver	2016/10/24	2017/10/31	OIC 955/16
Kevin Peter Lonsdale	Qualicum Beach	2016/10/24	2017/10/31	OIC 760/16
Lenard Walter Hrycan	Kamloops	2016/12/02	2018/10/31	OIC 956/16
Vacant				
Vacant				
Vacant				
Vacant				

Pursuant to the Real Estate Services Act

Board Composition:

- 74** (1) The real estate council consists of 16 individuals, who are to be appointed by the Lieutenant Governor in Council.
- (2) The continuing council members may act even if there is a vacancy on the real estate council.
- (3) An act of the real estate council is not invalid because of a defect that is afterwards discovered in the election or appointment of one or more council members.

Chair and vice chair

- 80** The chair and vice chair of the real estate council are appointed by the Lieutenant Governor in Council.

Real Estate Council of BC

Governing Legislation

Governing legislation:

- *Real Estate Service Act*
- *Real Estate Development Marketing Act*
- *Strata Property Act*
- *Residential Tenancy Act*

General governing legislation for all crown corporations:

- *Budget Transparency and Accountability Act*
- *Financial Administration Act*
- *Financial Information Act*
- *Freedom of Information and Protection of Privacy Act*
- *Information Management Act*
- *Public Sector Employers Act*

Corporate Plans and Reports

In June 2016, self-regulation in the real estate sector ended and the Real Estate Council of BC was established as a Crown Agency. As such The Real Estate Council of BC was exempted from creating a service plan for 2017/18 and there was no Annual Service Plan Report for 2015/16.

Biographies

Robert Holmes is a litigation and arbitration lawyer with over 32 years' experience. He has appeared in all levels of courts in Canada. He practices with Holmes & King in Vancouver. Mr. Holmes has lectured, written and appeared on radio and television on a wide variety of legal and public interest matters, including while serving as President of the Trial Lawyers Association of BC, President of the BC Civil Liberties Association, and Chair of the Vancouver Civil Litigation Section and on Provincial Council of the BC Branch of the Canadian Bar Association. Mr. Holmes has served as a member of the Vancouver Coastal and Provincial Health Services Patient Care Quality Review Boards since 2008 and has been appointed chair of those boards for 2016-2019. He holds a Bachelor of Arts and Bachelor of Laws from the University of British Columbia and received his Master of Laws from Yale University. He was appointed Queen's Counsel on December 2010.

Rob Gialloreto is president and CEO of Consumer Protection BC, which promotes a fair marketplace for BC consumers and businesses. Prior to this role, he was the president and CEO of Tourism Victoria, the destination marketing organization for Greater Victoria. Mr. Gialloreto has experience on a number of boards, including serving as a director on the Tourism Industry Association of Canada board of directors. He specializes in organizational leadership, business development, strategic media relations, marketing research, coaching/mentoring, financial management/accountability and public speaking.

John L. Daly was a News Reporter for Global BC from 1980 to 2016. He has taught interviewing techniques and investigative reporting at BCIT and UBC Continuing Education, and is frequently an invited speaker for professional organizations and conferences on the demands of the news media, and where news is headed. A recipient of numerous awards, Mr. Daly was awarded the very first Webster, for the best reporting of the year, in any medium, placing his cameraman, editor and himself against all other TV, radio, magazines, and newspapers.

Sandra Heath is semi-retired as the President of HTD Inc., an international training and human resources consulting firm that focuses on developing leadership capacity. Ms. Heath has held a variety of senior management positions in both the private and public sector. She chaired the Providence Health Care Board and served on the board of the Vancouver Coastal Health Authority for seven years, chairing two different committees. Most recently she chaired the Board of Directors of the Portland Hotel Society for one year. She has also served on the boards of community arts organizations.

Real Estate Council of BC

Len Hrycan is retired as the Kamloops director of community and corporate affairs where he oversaw bylaws, fire services, and the city side of Kamloops RCMP operations. Mr. Hrycan completed a 35 year career in three departments with Kamloops city. Beginning as a design draftsman in the city's engineering department in 1977, Mr. Hrycan worked within city planning and headed up the development and engineering services section. He graduated from Cariboo College.

Kevin Lonsdale is the Executive Director for Canadian National Association of Real Estate Appraisers (CNAREA), a federal, not for profit association for real estate appraisers. Mr. Lonsdale is experienced in the BC real estate industry in both appraisal and banking. Previously, Mr. Lonsdale spent 30 years in banking and finance for both retail and commercial lending and investments. He holds his Bachelors of Economics from Simon Fraser University and he is a certified Personal Financial Planner.

Gerry Martin is the managing broker of B.C. Farm and Ranch Realty Corp. Mr. Martin was a member of the Real Estate Council from 2006 to 2012, including a one-year term as chair. Mr. Martin was re-elected to council in May 2016, and served from July 1, 2016, to Sept. 30, 2016, as a broker member from the County of Westminster (south of the Fraser River). He is also a past director of the Fraser Valley Real Estate Board and past chair of its broker council. He has been licensed for 38 years.

Elana Mignosa was first appointed to council in September 2015. Ms. Mignosa is the Chief Financial Officer for British Columbia Clinical and Support Services. She was previously the Vice President of Finance (Imaging and Workflow Solutions) for McKesson Technology Solutions, a FORTUNE 500 healthcare IT company. Prior to her role at McKesson, she was the Chief Financial Officer and Chief Information Officer for HealthCare Benefit Trust, and the Vice President of Trust Administration for the Alderwoods Group. In her community, Ms. Mignosa is a board member for Aunt Leah's Place and past Treasurer for the Dunbar Community Centre Association.

Sukh Sidhu is a Real Estate Agent with RE/MAX Little Oak Realty. Previously, Mr. Sidhu was a Real Estate Agent with Block Brothers Realty. Active in his community, Mr. Sidhu serves as a Director with Fraser Valley Real Estate Board, a board on which he served as president from 2011-12. He was a President of the Indo-Canadian Business Association in Abbotsford. Mr. Sidhu continues to serve on Abbotsford Police Board. He holds a Bachelor of Arts Degree in Political Science from Guru Nanak College and a Master of Arts Degree in Political Science from Khalsa College in India.

Laurie Sterritt is the Director of Aboriginal Employment and Business Development at BC Hydro. Prior to joining BC Hydro, Ms. Sterritt led the start-up and growth of the Aboriginal Mentoring and Training Association (AMTA) as its founding CEO. She also led the development of AMTA's subsidiary company, First Resources Impact Ventures. Active in her community, she was appointed as Director, Industry Training Authority in 2016 and was previously Governor and 1st Vice-Chair, British Columbia Institute of Technology. A member of the Kispiox Band of the Gitksan Nation, Ms. Sterritt holds a Bachelor of Commerce from the University of British Columbia.

Real Estate Council of BC

Laurie Sterritt is the Director of Aboriginal Employment and Business Development at BC Hydro. Prior to joining BC Hydro, Ms. Sterritt led the start-up and growth of the Aboriginal Mentoring and Training Association (AMTA) as its founding CEO. She also led the development of AMTA's subsidiary company, First Resources Impact Ventures. Active in her community, she was appointed as Director, Industry Training Authority in 2016 and was previously Governor and 1st Vice-Chair, British Columbia Institute of Technology. A member of the Kispiox Band of the Gitksan Nation, Ms. Sterritt holds a Bachelor of Commerce from the University of British Columbia.

Maili Wong is first vice-president, investment advisor and portfolio manager with CIBC Wood Gundy with fifteen years of international investment experience including five years in New York City, during which she helped manage over \$5 billion in assets for a global investment fund. Ms. Wong has also worked in Toronto on the investment team for a global insurance company in 1999, was a member of the UBC Portfolio Management Foundation (PMF) from 1999 – 2001, and was elected to serve on the UBC Board of Governors from 2000 – 2001. She is known for her commitment to delivering complete confidence in her financial advice and client relationships. She and her team are proud to be recognized as being catalysts for building client wealth.

Real Estate Council of BC

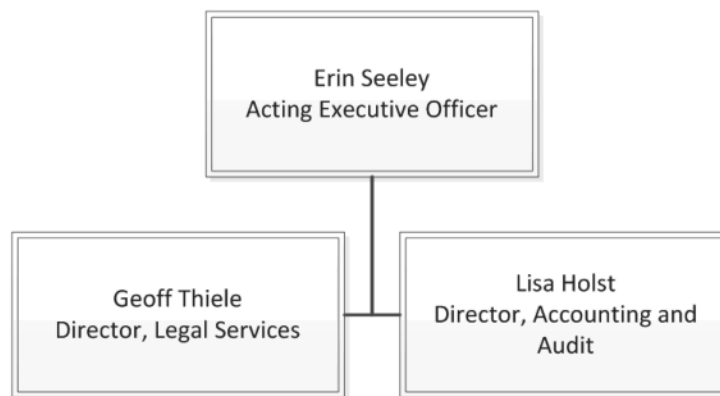
Senior Executive Team

Erin Seeley – Acting Executive Officer

At its meeting on October 25, the Council appointed Erin Seeley as Acting Executive Officer following the recruitment process for the new Executive Officer. Ms. Seeley joins the Council with a wealth of knowledge and experience, having served most recently as Executive Director of the Immigration Programs Branch in the Ministry of Jobs, Tourism, and Skills Training.

- Geoff Thiele, Director, Legal Services
- Lisa Holst, Director, Accounting and Audit

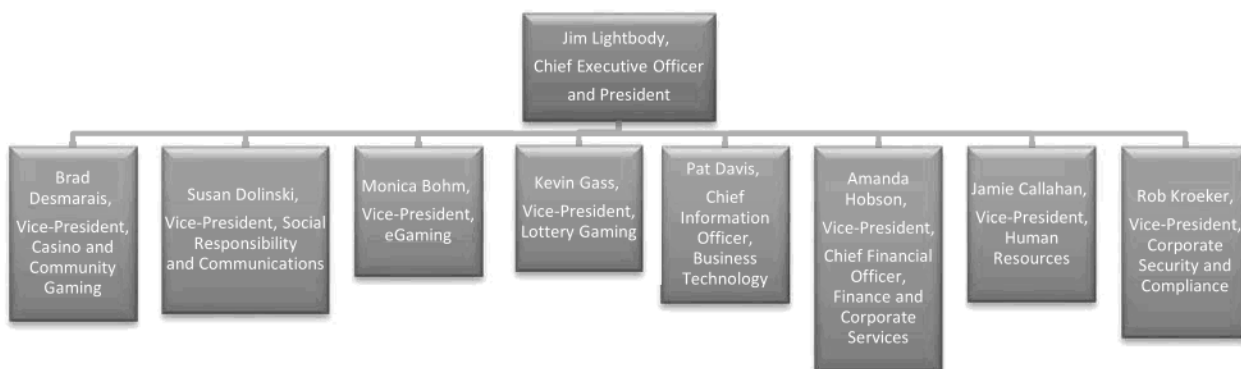
Organization Chart



BCLC Core Business

Mandate: BCLC (British Columbia Lottery Corporation) conducts and manages gaming on behalf of the Government of British Columbia.

- BCLC is a Crown Agency responsible for the conduct and management of lottery, casino, bingo and online gaming on behalf of the Province of British Columbia, in accordance with the Gaming Control Act of British Columbia (2002).
- BCLC's products are sold through contracted private-sector retailers and service providers that operate 3,500 lottery locations, 17 casinos, 18 community gaming centres and 6 commercial bingo halls. Lottery, eCasino, ePoker and eBingo products are sold through the PlayNow.com e-gaming site directly to approximately 360,000 registered players in B.C. BCLC also contracts with Manitoba Liquor and Gaming to provide PlayNow.com in Manitoba.
- Lottery retailers earn an industry-standard commission rate. Eighteen private sector service providers at casino, community gaming and bingo facilities earn a percentage of sales revenue for providing gaming facilities and day-to-day operational services. BCLC owns all gaming equipment, including lottery and bingo terminals and slot machines.
- BCLC has one wholly owned subsidiary, B.C. Lottotech International Inc. (Lottotech). The primary business of Lottotech is the purchase and lease of capital assets for BCLC. Its results are consolidated in the BCLC financial statements and its officers are BCLC's President & Chief Executive Officer (CEO) and Vice Presidents, as identified below.



- In 2015/16, BCLC had approximately 850 employees who work from offices in Kamloops and Vancouver, as well as field staff who work in gaming facilities and with lottery retailers and service providers in communities throughout the province. The Kamloops office is the primary location of information technology, finance and administration functions. Gaming operations, security, marketing and communications functions are primarily located in Vancouver.
- Per the *Gaming Control Act* and appointed by the Lieutenant-Governor in Council, the BCLC Board comprises nine members selected for expertise. Currently, there are five men and three women on BCLC's Board, with one vacant position.

Financial Information

\$ millions	Actual	Projection	Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
Lottery					
Revenue	1,151.7	1,088.2	1,049.3	1,031.9	1,027.5
Prizes	651.8	622.3	601.0	590.2	587.5
Net win	499.9	465.9	448.3	441.7	440.0
Less: direct expenses	84.4	81.5	80.2	79.0	78.9
	415.5	384.4	368.1	362.7	361.1
Operating expenses:					
General Operating	42.3	43.8	44.2	44.5	44.8
Gaming Support	13.8	13.9	14.0	14.4	14.6
Amortization	11.5	9.6	10.7	14.3	18.4
Other	2.1	1.1	1.4	1.4	1.4
	69.7	68.4	70.3	74.6	79.2
Net Income Before Taxes	345.8	316.0	297.8	288.1	281.9
Taxes	11.0	11.5	11.3	11.4	11.7
Net income	334.8	304.5	286.5	276.7	270.2
e-Gaming					
Revenue	135.5	152.6	172.4	190.1	198.9
Prizes	46.3	50.8	58.4	62.4	65.2
Net win	89.2	101.8	114.0	127.7	133.7
Less: direct expenses	14.5	17.9	22.6	25.3	26.4
	74.7	83.9	91.4	102.4	107.3
Operating expenses:					
General Operating	18.2	11.4	13.0	13.1	13.2
Gaming Support	9.0	9.5	9.9	10.6	11.3
Amortization	7.5	6.1	5.3	4.7	3.6
Other	1.1	0.5	0.8	0.8	0.8
	35.8	27.5	29.0	29.2	28.9
Net Income Before Taxes	38.9	56.4	62.4	73.2	78.4
Taxes	4.4	3.4	3.8	3.2	3.2
Net income	34.5	53.0	58.6	70.0	75.2
Casino & Community Gaming					
Revenue	1,814.6	1,855.1	1,864.5	1,889.5	1,909.8
Prizes	46.7	46.4	43.9	42.8	41.7
Net win	1,767.9	1,808.7	1,820.6	1,846.7	1,868.1
Less: direct expenses	635.8	647.6	653.7	662.9	669.3
	1,132.1	1,161.1	1,166.9	1,183.8	1,198.8
Operating expenses:					
General Operating	76.4	90.8	95.2	96.4	97.5
Gaming Support	14.5	17.0	17.8	18.0	18.1
Amortization	54.7	52.8	59.0	59.0	58.0
Other	4.6	5.4	7.3	7.4	7.5
	150.2	166.0	179.3	180.8	181.1
Net Income Before Taxes	981.9	995.1	987.6	1,003.0	1,017.7
Taxes	37.7	38.1	38.4	38.4	38.5
Net income	944.2	957.0	949.2	964.6	979.2

ISSUE NOTE

Issue:

- Expression of Interest process in Greater Victoria, North Shore and South of the Fraser regions.

Background:

- In 2015 and 2016, BCLC launched Expression of Interest processes in Greater Victoria, and Metro Vancouver's North Shore and South of the Fraser regions to gauge interest from municipal and First Nations governments in potentially hosting a gaming facility.
- BCLC's evaluation committee, overseen by a third party fairness monitor, has selected Victoria and Delta as preferred host local governments for potential new gaming facilities.
- In Victoria, BCLC issued a Request for Pre-Qualification (RFPQ) in December 2016 as the first step in selecting a service provider to operate a potential gaming facility. BCLC is in the process of completing the evaluation of responses to this RFPQ.
- In Delta, the potential gaming facility would be a relocation of Surrey's Newton Community Gaming Centre. The potential new facility would be expanded to include more gambling and entertainment options. BCLC's service provider Gateway is in the process of determining a location for that facility.
- On the North Shore, the Expression of Interest process is still in the evaluation phase and an announcement will be made once a preferred host local government is selected.

Decision required: No

60 days

- In Victoria, BCLC will issue a Request for Proposal (RFP) to the pre-qualified proponents from the RFPQ process. As part of this RFP process, pre-qualified proponents will be required to identify a potential location and other facility details. The proponent selected as part of the RFP process will be the single service provider to operate the potential new gaming entertainment venue.
- In Delta, BCLC will provide preliminary approval to proceed with its service provider's preferred location.

ISSUES NOTE

BCLC Crown Corporation

BCLC (BC Lottery Corporation) Kamloops Head Office Plans

Issue:

- BCLC (BC Lottery Corporation) Kamloops Head Office Plans

Background (high level):

- BCLC is a Crown Agency responsible for the conduct and management of lottery, casino, bingo and online gaming on behalf of the Province of British Columbia, in accordance with the Gaming Control Act of British Columbia (2002).
- BCLC's current head office in Kamloops is over 50 years old and many of its mechanical, electrical and structural components are aging and will ultimately need to be replaced.
- BCLC has hired Avison Young, a commercial real estate advisor for professional advice and to explore options for the most appropriate building solution that would meet the long-term needs for BCLC.
- The Minister has directed BCLC to develop a comprehensive concept plan that defines the need and provides a preliminary assessment of the possible solutions. (see attached letter) BCLC intends to develop a concept plan and detailed business case analysis of options and financial implications to renew BCLC's head office in Kamloops, including consideration of various means to utilize appropriate space in part of, or all of a new building; or recondition the 50-year-old existing building.
- BCLC undertook a non-binding Request for Pre-Qualifications (RFPQ) in April 2017, and will undertake a subsequent non-binding Request for Proposals (RFP) to seek design-build proposals and information that will enable BCLC to provide a detailed assessment of options, concept plan and recommendation to the Province. We anticipate presenting this plan to the Treasury Board in the fall of 2017.

Decision required: No

Issues:

30/60 day

- BCLC will evaluate all RFPQ submissions and shortlist up to four developer/design build contractors to provide a non-binding Request for Proposals (RFP) for a design build for a potential new Head Office facility. The purpose of this is to obtain more information in order to explore and evaluate BCLC's options for its future BCLC's Kamloops Head Office building.

90 day

- BCLC will issue a non-binding RFP process to develop options for a concept plan and detailed business case analysis for the Treasury Board.

ISSUES NOTE

BCLC

Service Provider Commission Review

Issue:

- Service Provider Commission Review

Background (high level):

- BCLC is a Crown Agency responsible for the conduct and management of lottery, casino, bingo and online gaming on behalf of the Province of British Columbia, in accordance with the Gaming Control Act of British Columbia (2002).
- The service provider commission structure has been in place since BCLC was given its mandate in 1997. BCLC's model has resulted in some of the best in class casinos and community gaming centres in Canada.
- The release of the Ministry of Finance's Crown Review of BCLC in December 2014 called upon BCLC and the Ministry of Finance to "conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure."
- In consultation with its service providers, BCLC is developing a new commission structure leading to the creation of a new Operational Service Agreement (OSA), which defines the service and operating responsibilities of service providers and overall compensation structure.

s.17

Page 41

Withheld pursuant to/removed as

s.13;s.17

**BRIEFING NOTE
CROWN CORPORATIONS**

Name: British Columbia Lottery Corporation (BCLC)

Mandate:

BCLC is responsible for the conduct, management and operation of lottery, casino, commercial bingo and online gaming in B.C. BCLC is required to ensure its operation and performance is consistent with government's strategic priorities and fiscal plan. Specifically, BCLC is to:

- Optimize its financial performance and sustain net return to the Province;
- Submit bi-annual progress reports to the Minister and the General Manager, Gaming Policy and Enforcement Branch (GPEB) on the implementation of commitments BCLC is responsible for in the *Plan for Public health and Gambling (February 2015)*;
- Report on the implementation of the recommendations from the Review by the Internal Audit and Advisor Services (IAAS) by June 30, 2017; and,
- Provide a quarterly report to the Minister on the continued implementation of the government's Anti-Money Laundering Strategy.

Financial Information:

(\$millions)	2015/16 (Actual)	2016/17 (Forecast)	2017/18 (Budget)	2018/19 (Budget)	2019/20 (Budget)
Revenue	2,357	2,376.4	2,382.9	2,416.1	2,441.8
Expense	1,043.5	1,061.9	1,088.6	1,104.8	1,117.2
Net Income	1,313.5	1,314.5	1,294.3	1,311.3	1,324.6
Capital Expenditure	68.2	90	90	90	90

Issues:

- BCLC is exploring and evaluating options for its future Head Office building in Kamloops, BC
- In consultation with its service providers, BCLC is developing a new commission structure leading to the creation of a new Operational Service Agreement, which defines the service and operating responsibilities of service providers and overall compensation structure

s.13

Appointment Status:

Name:	By order:	Position :	Expiry:
Brown, Q.C., Trudi L.	OIC 258/16, April 30, 2016	Director	June 30, 2017 (due within 90 days)

**BRIEFING NOTE
CROWN CORPORATIONS**

Name: BC Securities Commission (BCSC)

Mandate:

The BCSC is the independent provincial agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. In the BCSC's 2017/18 mandate letter, the government provided the following mandate direction to the BCSC:

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.

The BCSC currently has eight commissioners – two executive commissioners and six independent commissioners. They are responsible for the administration of the *Securities Act*. Commissioners perform four key functions:

- Serve as the BCSC's board of directors
- Make rules (with the consent of the Minister responsible for the *Securities Act*)
- Oversee the self-regulatory organizations, exchanges, and other marketplaces
- Act as an administrative tribunal and make regulatory decisions under the *Securities Act*

Financial Information:

Fees charged to securities market participants fund the BCSC's operations. Revenues fluctuate with market activity while most expenses are fixed. Over 90% of its revenue comes from filing, registration, and application fees paid by market participants under the *Securities Act*. The remainder of its operational funding comes from investment income and cost recoveries.

(\$millions)	2015/16 (Actual)	2016/17 (Forecast)	2017/18 (Budget)	2018/19 (Budget)
Revenue	48.4	46.0	46.3	46.9
Expense	46.5	48.2	49.7	53.1
Net Income	1.9	(2.2)	(3.4)	(6.2)
Capital Expenditure	1.9	7.7	7.2	8.4

Appointment Status:

- All current commissioners are appointed to terms that expire in December 2018.

**BRIEFING NOTE
CROWN CORPORATIONS**

Name: Partnerships British Columbia Inc. (Partnerships BC)

Mandate:

Partnerships BC supports the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers.

Financial Information:

(\$millions)	2015/16 (Actual)	2016/17 (Forecast)	2017/18 (Budget)	2018/19 (Budget)	2019/20 (Budget)
Revenue	6.63	7.98	8.90	9.16	9.43
Expense	6.09	6.67	7.88	8.04	8.28
Net Income	0.54	1.31	1.02	1.12	1.15
Accumulated Surplus	16.06	17.37	18.39	19.51	20.66
Capital Expenditure	0.06	0.06	0.24	0.04	0.06

Issues: Major Project¹ Timelines

- Abbotsford Law Courts (MTICS/JAG) – RFP in the market
- Royal Inland Hospital Patient Tower (HLTH) – RFP in the market
- New Westminster Secondary School (EDUC) – RFP in the market
- Capital Regional District's (CRD) Wastewater Treatment Project (CSCD) – RFP in the market
- George Massey Tunnel Replacement (TRAN) – Financial Close summer 2017

Appointment Status: None pending

¹ Major Projects for which PBC is engaged to provide planning and/or procurement management services.

BRIEFING NOTE

CROWN CORPORATIONS

Name: Real Estate Council of British Columbia

Mandate:

The Real Estate Council of British Columbia is a regulatory agency established by the provincial government in 1958. Its mandate is to protect the public interest by enforcing the licensing and licensee conduct requirements of the *Real Estate Services Act*. The Council is responsible for licensing individuals and brokerages engaged in real estate sales, rental and strata property management. The Council also enforces entry qualifications, investigates complaints against licensees and imposes disciplinary sanctions under the Act.

The Council is responsible for ensuring that the interests of consumers who use the services of real estate licensees are adequately protected against wrongful actions by the licensees. A wrongful action may be deliberate or may be the consequence of inadequate exercise of reasonable judgment by a licensee in carrying out their duties and responsibilities.

The Council is responsible for determining appropriate education in real estate matters for individuals seeking to be licensed as real estate practitioners and arranging for licensing courses and examinations as part of the qualification requirement for licensing. Under the authority of the Council, licensing courses are delivered by UBC's Sauder School of Business (Real Estate Division).

Financial Information:

In June 2016, Government ended self-regulation in the real estate industry and the Council was converted to a crown corporation. The Ministry of Finance, in consultation with the Council, is currently developing a three-year budget for the organization.

Appointments Status:

The Council consists of 16 individuals; currently there are four vacancies and six appointments expire in late 2017.

Name:	By order:	Position:	Expiry:
Robert Holmes, Q.C.	OIC 701/16, October 12, 2016	Chair	October 31, 2017 (due within 6 months)
Robert Gialloreto	OIC 699/16, October 12, 2016	Vice-Chair	October 31, 2017 (due within 6 months)
John Lawrence Daly	OIC 698/16, October 12, 2016	Director	October 31, 2017 (due within 6 months)
Kevin Peter Lonsdale	OIC 760/16, October 24, 2016	Director	October 31, 2017 (due within 6 months)
Elana Valerie Mignosa	OIC 703/16, October 12, 2016	Director	October 31, 2017 (due within 6 months)
Laurie Marie Sterritt	OIC 759/16, October 24, 2016	Director	October 31, 2017 (due within 6 months)

ISSUE NOTE

Issue:

- FICOM Staffing Update and the \$1.334M Funding Lift

Background:

- In March 2014, the Office of the Auditor General published a report on Credit Union Supervision in B.C. and made 11 recommendations to improve the effectiveness of credit union monitoring. One of the recommendations was an overarching call for the Ministry of Finance to “work with FICOM to find ways to enable it to hire and retain the staff it requires to fulfill its mandate.”
- The very high demand for financial and regulatory skills has historically made it challenging for FICOM to recruit and retain staff. In December 2016, FICOM’s base salary structure was improved (i.e., approximately 10 per cent growth in maximum salary rate for front line roles, 20 per cent for mid-level roles, and 30 per cent for executive level roles).
- The salary improvements are anticipated to improve FICOM’s ability to hire talent and address its historical turnover (i.e., 20-30 per cent) and vacancy rates (30-40 per cent). FICOM intends to fully staff its current vacancies and establish seven new positions to enable the organization to fully operate and fulfill its mandate. This investment in staffing will fully utilize FICOM’s revenues received from the regulated sectors.
- With an intense focus on recruiting leveraging the new salary structure in place as well as other HR initiatives currently underway, it is expected the FICOM vacancy rate will drop from a current 32 per cent level to a more normalized rate (5-10%) in the Fall of 2017.
- FICOM requested additional funding from the Ministry to address a significant portion of salary cost increases (existing positions) and to hire corporate services resources focused on supporting the regulatory business units (Financial Institutions, Pensions, Mortgage Brokers) achieve their respective mandates.
- The \$1.334M will allow FICOM to:
 - Fund \$645K in salary improvements to existing management positions at FICOM (this includes 24.8 per cent in benefit costs).
 - Fund \$689K for new positions within the Corporate Services branch of FICOM to support investments in staff development, information technology, and operational support.

Decision required:

- None

Page 47

Withheld pursuant to/removed as

s.22;s.13

**MINISTRY OF FINANCE
FICOM
ISSUE NOTE**

**ISSUE: Coast Capital Savings Credit Union (Coast Capital)
Application for Federal Continuance**

ADVICE AND RECOMMENDED RESPONSE:

- On July 18, 2017, the Financial Institutions Commission and CUDIC Board approved Coast Capital's application to continue from the jurisdiction of British Columbia and into the federal jurisdiction. As part of the Commission and CUDIC Board consent, Coast Capital must obtain federal approval before December 2018. Coast Capital must also provide an acceptable plan to the Commission as to how funds will be transferred out of the BC credit union system. A public announcement from FICOM is expected within 14 days.
- Under the *Credit Union Incorporation Act* (CUIA), a BC credit union may transfer its incorporation from BC to the federal jurisdiction if authorized by a special resolution, the consent of the Commission and the Credit Union Deposit Insurance Corporation (CUDIC), and the laws of the federal jurisdiction.
- Coast Capital put forward a special resolution on continuing to the federal jurisdiction to its membership for vote in fall 2016. On December 14, 2016 Coast Capital announced that the special resolution was passed by its membership; 84,000 members (16% of its membership) cast votes with 79.2% in favour of the special resolution.

KEY FACTS:

- In January 2017, FICOM issued Information Bulletin CU-17-001 *Application for Consent to Continue a Credit Union to the Federal Credit Union Regime*. The Information Bulletin outlines the application process, review criteria, public consultation period and timelines for an application to the Commission and CUDIC.
- On February 14, 2017 Coast Capital submitted a complete application to FICOM for consent to continue from the Commission and CUDIC.

**MINISTRY OF FINANCE
FICOM
ISSUE NOTE**

- As outlined in the Information Bulletin, FICOM posted a public notice of the application on its website and initiated a 30-day public comment period from March 1 – 30, 2017.
- When reviewing the continuance application, the Commission and CUDIC board will consider a number of factors, which include, but may not be limited to whether:
 - The continuation of the credit union to the federal regime is not contrary to the credit union members' interests;
 - The credit union's members are provided full and fair disclosure of information upon which to make their decision;
 - The continuation of the credit union to the federal regime will not negatively impact the BC credit union system or its depositors.

BACKGROUND:

- On June 30, 2016, Coast Capital informed FICOM that its Board had passed a resolution to pursue a formal application with the Office of the Superintendent of Financial Institutions (OSFI) to continue to the federal regime and to put forward a special resolution to its membership for vote in the Fall of 2016 on whether to authorize the credit union to make the application.
- To ensure full and fair disclosure of information to Coast Capital members, FICOM staff reviewed disclosure and communication materials related to the special resolution prior to them being placed before the membership.
- FICOM staff communicated regulatory expectations and timelines related to a continuance application to Coast Capital through its Information Bulletin and several letters to its board chair and senior management.
- FICOM has retained an independent third-party to assist in its review of the application, specifically with the regards to the criteria that the continuance will not negatively impact the BC credit union system or its depositors. This review will be an input into the analysis provided for the Commission and CUDIC board.
- During the public comment period from March 1 – 30, 2017, FICOM received 62 submissions; FICOM staff will consider the submissions as part of the analysis of the Coast Capital application.
- Coast Capital remains a BC regulated financial institution until the date it receives Letters Patent to continue as a federal credit union from the federal Minister of Finance. FICOM has increased its supervisory monitoring of Coast Capital while the

Contact: Tara Richards
Division: Regulation, FICOM
File Name: FICOM_Issues Note_Coast Capital Continuance.docx

Phone: 250-387-8139
Page: 2 of 3

**MINISTRY OF FINANCE
FICOM
ISSUE NOTE**

credit union undergoes both provincial and federal approval processes and transition periods.

Contact: Tara Richards
Division: Regulation, FICOM
File Name: FICOM_Issues Note_Coast Capital Continuance.docx

Phone: 250-387-8139
Page: 3 of 3

ISSUE NOTE

Issue:

s.13

- To attract business, lenders pay various forms of direct and indirect compensation to mortgage brokers. That compensation incentivizes broker-lender loyalty and can exert a powerful influence on advice to consumers, particularly when the amount of compensation is hidden from the consumer.

Background:

- The Registrar has engaged in consultations with industry since June 2015, resulting in publishing guidelines in November 2016 to assist industry participants meet enhanced disclosure requirements.
- Compensation transparency builds consumer knowledge of the forces acting on a mortgage broker's advice, and empowers consumers to make informed decisions. It also exposes an embedded charge that consumers pay as part of their interest rate.
- Guidelines were developed in close consultation with industry, and will assist industry to provide conflict of interest disclosure in accordance with the requirements of the *Mortgage Brokers Act*.

s.14

- Industry has generally demonstrated resistance to this initiative, including provincial and national trade associations who have lobbied MLAs and Government on this issue.
- These associations as well as major brokerage firms may renew their opposition with Government once the requirements are enforced as of July 1, 2017.

Decision required:

- **30 DAY ISSUE**
- No decision is required. This Issues Note is provided for information purposes and will be supplemented by a Briefing Note if and when required.

EXECUTIVE MEMBER BIOGRAPHY

CHRIS CARTER
REGISTRAR, MORTGAGE BROKERS
DEPUTY SUPERINTENDENT, SUPERVISION



Chris Carter was appointed Deputy Superintendent of Supervision at FICOM in February 2017. He is responsible for the solvency supervision of British Columbian financial institutions (credit unions, provincial insurance companies, and provincial trust companies). Mr. Carter is also responsible for the market conduct supervision of mortgage brokers and financial institutions doing business in B.C.

Mr. Carter has been with FICOM since 2012, where he played a key role in the reform of real estate regulation in B.C. as principal advisor to the *Independent Advisory Group into Conduct and Practices in the Real Estate Industry*.

Mr. Carter joined the Government of British Columbia in 2007. At the Ministry of Jobs, Tourism and Innovation, he led several high profile trade and investment projects and policy initiatives including rollout of the *Asia Pacific Initiative*, design and delivery of the *2010 Winter Olympics Hosting Program*, and development of *Canada Starts Here: the B.C. Jobs Plan*.

Prior to his time in B.C., Mr. Carter worked on trade, industry, and bilateral issues with national and state governments in Australia.

EXECUTIVE MEMBER BIOGRAPHY

FRANK CHONG
SUPERINTENDENT, FINANCIAL INSTITUTIONS
ACTING CHIEF EXECUTIVE OFFICER, CREDIT UNION DEPOSIT INSURANCE CORPORATION
(CUDIC)

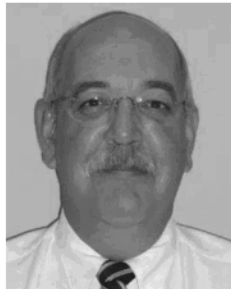


Frank Chong is the Acting Superintendent of Financial Institutions and Acting CEO of the Credit Union Deposit Insurance Corporation, at the Financial Institutions Commission (FICOM). FICOM, an agency of the B.C. Ministry of Finance, is responsible for solvency and market conduct regulation of provincially regulated financial institutions (credit unions, P&C and life insurers, captives, and trust companies). Other regulatory areas include pension, mortgage broker, real estate and credit union deposit insurance.

As a member of the FICOM executive team, Frank oversees various program areas including examinations, statutory approvals, policy, market surveillance, and regulatory reporting. His team is also actively involved with inter-jurisdictional regulatory initiatives with the Credit Union Prudential Supervisors Association (CUPSA) and the Canadian Council of Insurance Regulator (CCIR). He has also participated in a number of industry working groups and is currently a project team member providing advice on the current *Financial Institutions Act & Credit Union Incorporation Act* reviews.

Frank has held various roles within FICOM including Executive Director, Director, and Senior Analyst. Prior to FICOM, Frank held finance and management roles at a B.C credit union, chartered bank and an insurance brokerage firm. In total, Frank has more than 15 years of experience within the financial services sector.

EXECUTIVE MEMBER BIOGRAPHY
Michael J. Peters – Acting Superintendent of Pensions



Michael Peters has worked for both the federal government and the government of British Columbia as a pension regulator.

Michael was appointed Acting Superintendent of Pensions effective July 29, 2016, after having served as Deputy Superintendent of Pensions since June 2004. Michael joined the Pension Standards Branch of the British Columbia Ministry of Skills Development and Labour as a Senior Pensions Officer in May 1994. Prior to joining the government of BC, he worked with the Registered Plans Division of Revenue Canada, as it was then known, as Senior Pension Officer from June 1988 to April 1994.

Michael is responsible for operational and strategic policies related to administration and enforcement of the British Columbia *Pension Benefits Standards Act* (PBSA). He is currently responsible for the development and implementation of a risk-based regulatory framework for oversight of pension plans registered in British Columbia. Michael oversees the development of communications materials and internal policies and procedures related to the adoption of the new PBSA effective September 30, 2015. Michael also works with the Federal/Provincial/Territorial Working Group on Pensions.

Michael represents British Columbia on the Canadian Association of Pension Supervisory Authorities (CAPSA) and was involved in negotiations for an updated multilateral agreement respecting multijurisdictional pension plans, which was signed by BC effective July 1, 2016. He is currently chair of CAPSA's Funding Review Committee, which is reviewing the current rules related to funding of defined benefit pension plans in Canada and will propose best practices for funding of such plans.

Michael holds a BA (Hon.) from the University of Western Ontario in London. ^{s.22}
s.22

EXECUTIVE MEMBER BIOGRAPHY

Tara Richards, Acting CEO, Financial Institutions Commission (FICOM)



Tara was appointed as Assistant Deputy Minister, Corporate Services and EFO on July 17, 2014, with responsibility for corporate financial and facilities services, strategic human resources, information management and performance management and corporate priorities. In 2016, Tara took on the responsibility of Acting Chief Executive Officer of the Financial Institutions Commission (FICOM). FICOM regulatory responsibility includes credit unions and trust companies, insurance companies, pension plans, real estate, mortgage brokers and the Credit Union Deposit Corporation.

Over the past 19 years in government, Tara has held progressively responsible positions in various ministries, most recently as the Executive Director, Property Taxation Branch, Revenue Division at Finance. Tara's background includes roles in policy and legislation, operations, intergovernmental relations, and corporate policy and planning services in the Ministry of Children and Family Development and the Ministry of Health.

Tara has a Master's Degree in Public Administration and an undergraduate degree in Political Science from the University of Victoria.

s.22

Financial Institutions Commission (FICOM)

ADM Responsible: Tara Richards

Core Business/ Program Area Description/Critical Business Processes:

FICOM is a regulatory agency of government that administers six statutes regulating the pension, mortgage broker and provincially regulated financial institutions in B.C. FICOM safeguards confidence and stability in B.C.'s financial sector by ensuring that institutions and pension plans in these sectors remain solvent and by protecting consumers from undue loss and unfair market conduct.

FICOM also administers the Credit Union Deposit Insurance Corporation (CUDIC), a statutory corporation that insures credit union deposits and non-equity shares.

Budget:

The organization has an operating budget of \$4.7M.

Full Time Equivalents (FTEs):

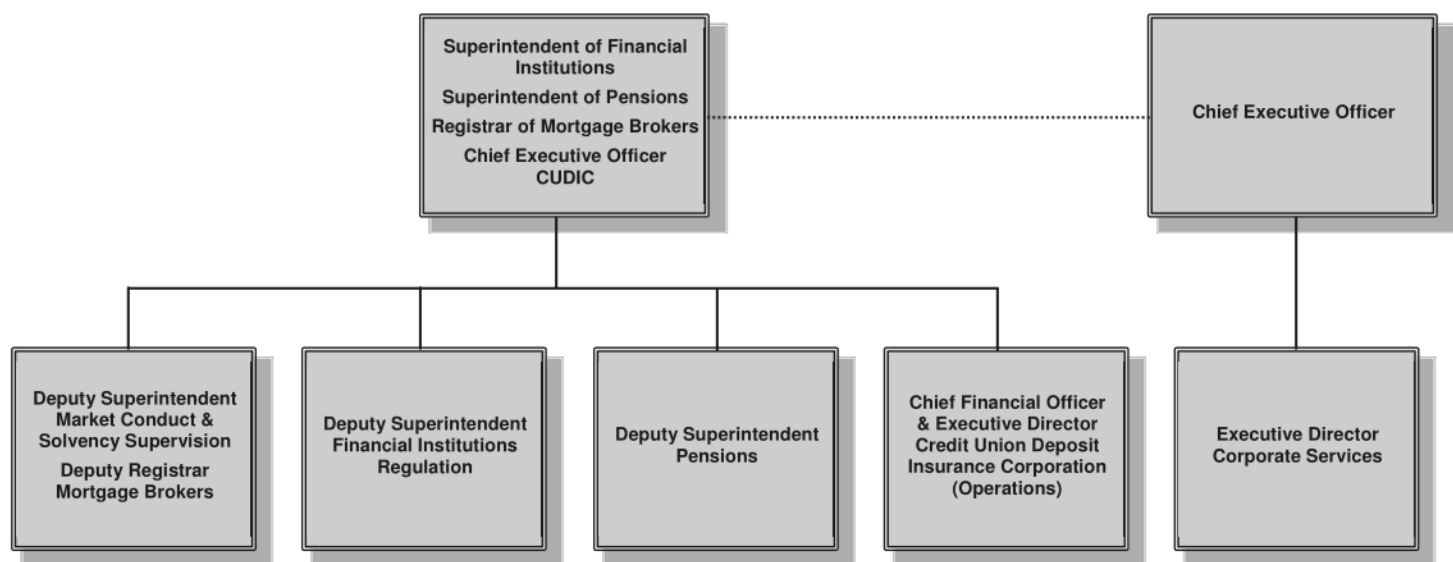
FICOM currently has 100 team members (and 62 current vacancies).

Related Legislation:

FICOM administers the following six provincial statutes:

- ***The Financial Institutions Act (FIA)*** - provides a regulatory framework for financial institutions licensed to operate in British Columbia including trust companies, insurance companies and credit unions. It also provides the licensing and regulatory framework for insurance agents, salespersons and adjusters under the supervision of the Insurance Council of British Columbia. The Act provides that the Superintendent may appeal disciplinary decisions of the Insurance Council, and is responsible for investigating unlicensed insurance activities.
- ***Insurance Act (IA)*** - provides statutory requirements for contracts of insurance.
- ***Credit Union Incorporation Act (CUIA)*** - provides a regulatory framework specific to certain areas of credit union operations that is consistent with their unique co-operative structure.
- ***Insurance Captive Company Act (ICCA)*** - establishes British Columbia as a domicile for captive insurance companies and provides a registration and regulatory framework for captive insurers.
- ***Mortgage Brokers Act (MBA)*** - provides a registration and regulatory framework for mortgage brokers operating in British Columbia.
- ***Pension Benefits Standards Act (PBSA)*** - provides a regulatory framework protect the interests of British Columbia pension plan members by setting minimum standards for funding and solvency, plan design and governance and investment of a plan's assets.

Organizational Chart:



STAKEHOLDER CONTACTS

Branch	Organization	Contact	Description	Key Issues	Address
MPC	Mortgage Professionals Canada	Paul Taylor CEO 416-644-5465 ptaylor@mortgageproscan.ca	National trade organization for mortgage brokers – not affiliated with below-noted rival trade associations	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation <ul style="list-style-type: none">• Industry education provider seeking approvals for courses part of mandatory regulatory education at renewal of registration• Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers	2005 Sheppard Avenue East, Suite 401 Toronto, ON M2J 5B4
CMBA-BC	Canadian Mortgage Brokers Association - BC	Samantha Gale Executive Director 604-908-9989 samanthagale@mbabc.ca	CMBA - National “umbrella” trade association comprised of 3 independent provincial trade associations including CMBA – BC, which is the MBABC (see below)	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6

MBABC	Mortgage Brokers Association of BC	Samantha Gale CEO 604-908-9989 samanthagale@mbabc.ca	MBABC - Provincial trade organization for mortgage brokers; Also referred to as CMBA – BC under its association to the CMBA	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6
MBIBC	Mortgage Brokers Institute of BC	Samantha Gale CEO 604-908-9989 samanthagale@mbabc.ca	Education arm of the MBABC / CMBA-BC	<ul style="list-style-type: none"> • Industry education provider seeking approvals for courses part of mandatory regulatory education at renewal of registration • Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers 	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6
BCMMA	British Columbia MIC Managers Association	Will Granleese President 604-530-2301 will@antriminvestments.com	Provincial trade organization for select group of larger mortgage investment corporations	s.13	Suite 500 – 145 West 17th Street North Vancouver, BC V7M 3G4

UBC	University of BC Sauder School of Business, Real Estate Division	Dave Moore Director, Licensing Education 604-822-8500 dave.moore@sauder.ubc.ca	Sole provider of mandatory pre- registration education for new applicants to industry	<ul style="list-style-type: none"> Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers 	2053 Main Mall, Vancouver, BC V6T Z2
CLHIA	Canadian Life and Health Insurance Association	Frank Swedlove President fswedlove@clhia.ca	National industry association representing 99% of Canada's life insurance business	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> Access to/use of genetic testing results Potential changes to travel insurance sale/distribution 	79 Wellington St. West, Suite 2300 P.O. Box 99, TD South Tower Toronto, Ontario M5K 1G8
IBC	Insurance Bureau of Canada	Don Forgeron, President dforgeron@ibc.ca	National industry association representing Canada's private home, auto and business insurers	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> Seeking provision of emergency government back-stop in the event of earthquake-related disaster 	510 Burrard Street, Suite 901 Vancouver, British Columbia V6C 3A8
C1	Central 1 Credit Union	Don Wright, President & CEO don.wright@central1.com	Primary liquidity manager, payments processor and trade association for member credit unions in B.C. and Ontario	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> and the <i>Credit Union Incorporation Act</i> 	1441 Creekside Drive Vancouver, BC V6J 4S7

s.13

				s.13	
--	--	--	--	------	--

BRIEFING NOTE
CROWN AGENCIES

Name: Financial Institutions Commission

Legislative Authority:

- Credit Union Incorporation Act
- Financial Institutions Act
- Insurance Act
- Insurance (*Captive Company*) Act
- Mortgage Brokers Act
- Pensions Benefit Standards Act

Mandate:

The Financial Institutions Commission (FICOM) is a regulatory agency of the provincial Ministry of Finance. FICOM is responsible for administering six statutes that regulate the pension and financial services in British Columbia. The primary focus of this regulation is to ensure that:

- Institutions and pension plans in these sectors remain solvent;
- Market conduct requirements for these sectors are respected;
- Unsuitable individuals do not participate in financial service markets; and
- Through the Credit Union Deposit Insurance Corporation (CUDIC), insure credit union deposits and non-equity shares.

Current Appointees:

- Stanley Hamilton (Chair)
- Joel Whittemore
- Shannon Salter
- Len Boggio
- Bob Garnett
- Douglas MacAdams

Appointments required:

- No new appointments/reappointments required until July 2018.

Issue(s):

- N/A

Key Contact:

Frank Chong
Acting Superintendent of Financial Institutions
604-653-7495

Ministry of Finance – Office of the Superintendent of Real Estate (OSRE)

Key Stakeholders

Branch	Organization	Contact	Key Issues
External	All 11 BC Real Estate Boards: <ol style="list-style-type: none"> 1. BC Northern (Prince George) 2. Chilliwack & District 3. Fraser Valley (Surrey) 4. Kamloops & District 5. Kootenay (Nelson) 6. Okanagan Mainline (Kelowna) 7. Powell River-Sunshine Coast 8. Greater Vancouver 9. South Okanagan (Penticton) 10. Vancouver Island (Nanaimo) 11. Victoria 	Board Presidents, CEOs	Pending rule changes to dual agency and double-ending.
External	Real Estate Council of BC (RECBC)	Erin Seely, Interim President	
External	BC Real Estate Association (BCREA)	Robert Laing, President	

EXECUTIVE MEMBER BIOGRAPHY

Micheal Noseworthy, Superintendent of Real Estate



The Province of British Columbia has appointed Micheal Noseworthy as the new superintendent of Real Estate.

Noseworthy is an experienced regulator and public sector leader, having recently served as a senior government regulator for Yukon. Noseworthy most recently served as superintendent of Real Estate, superintendent of Insurance, registrar of Lotteries and registrar of Medical Practitioners. Prior to that, Noseworthy worked as Yukon's director of residential tenancies and Employment Standards, and was awarded the Premier's Award of Excellence for his work as part of the team that developed Yukon's first-ever Housing Action Plan. His appointment takes effect Oct. 19, 2016.

Noseworthy has worked as a lawyer in private practice in Newfoundland and Labrador prior to his work with the Government of Yukon, in a practice that included real estate law and administrative law. He received both his law degree and a bachelor of arts in political science from Dalhousie University.

Office of the Superintendent of Real Estate

Superintendent: Micheal Noseworthy, Superintendent of Real Estate

Core Business:

The Office of the Superintendent of Real Estate (OSRE) is the regulatory agency reporting into the Ministry of Finance. It administers statutes that regulate real estate sectors in BC. These statutes and regulations are designed to ensure that consumers of real estate and property management services are treated fairly, and that unsuitable individuals do not participate in real estate market activities.

Program Area Description

Key Statutes:

- *Real Estate Development Marketing Act (REDMA)* - provides a regulatory framework for the marketing of development property and requires developers to obtain development approvals, file disclosure statements, place purchase monies in trust, and provide rescission rights to purchasers.
- *Real Estate Services Act (RESA)* - provides a licensing and regulatory framework for realtors administered primarily by the Real Estate Council of British Columbia. The Act provides that the Superintendent of Real Estate may appeal disciplinary decisions of the Real Estate Council, and is responsible for investigating unlicensed real estate activities.
- The Superintendent of Real Estate also has a limited role in the administration of the *Strata Properties Act (SPA)*, including the receipt of filings that entrench rental rights and certain approvals that set strata fees, common property ownership, and voting rights.

Critical Business Processes:

- Receipt and review of real estate development marketing disclosures;
- Receipt and approval of certain strata property filings;
- Oversight of Real Estate Council of BC;
- Review and appeal of Real Estate Council of BC decisions;
- Developing and communicating regulatory policy, guidelines, and standards;
- Responding to public enquiries;
- Investigating breaches and complaints;
- Intervention and enforcement.

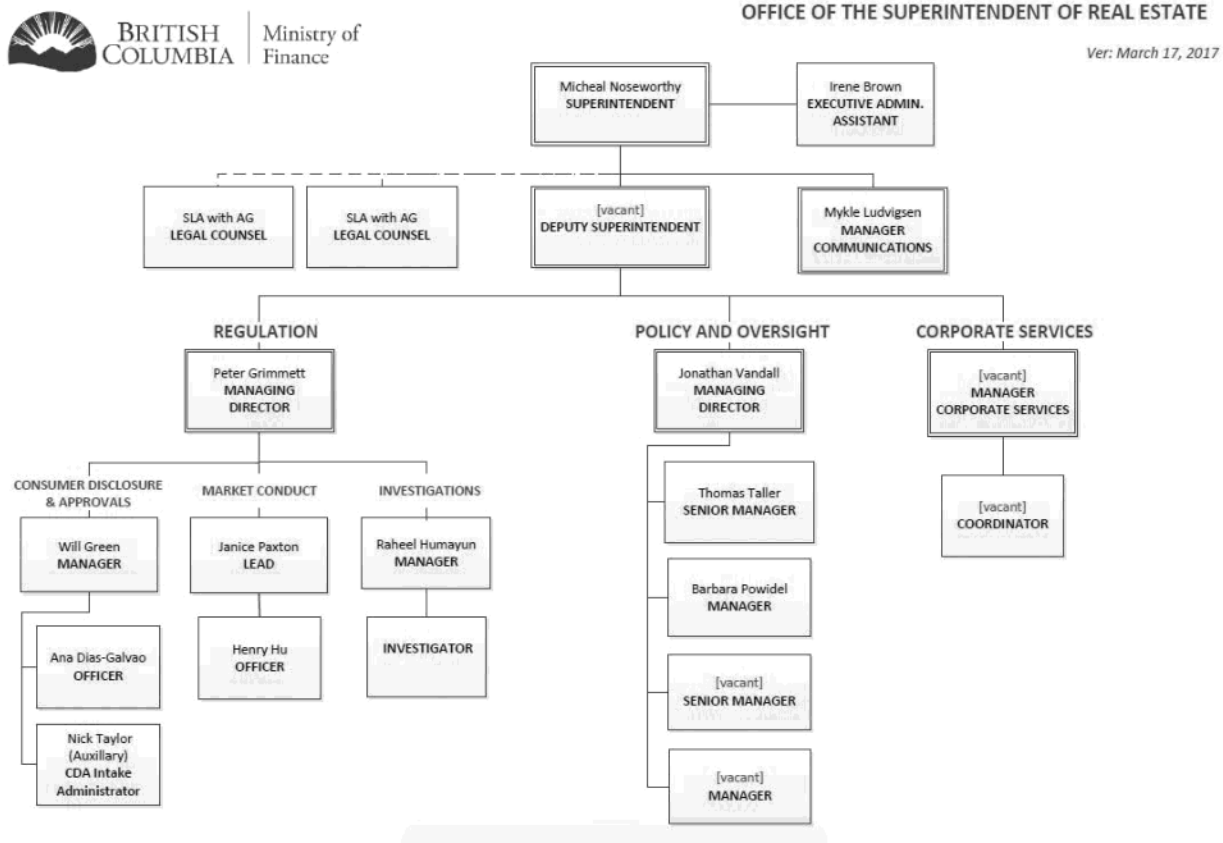
Budget

STOB #	STOB Item	Budget Allocation (\$000)
EC 50	Salaries	1,759
EC 51	Supplementary Salary	7
EC 52	Employee Benefits	428
Total: Salaries & Benefits		2,194
EC 57	Travel Expenses	24
EC 59	Centralized Management Support / Legal Services	126
EC 60	Professional Services – Operational/Regulatory	350
EC 63	Information Systems – Operating	78
EC 65	Office & Business Expenses	108

STOB #	STOB Item	Budget Allocation (\$000)
70	Vehicles & Equipment	1
75	Building Occupancy Charges	181
Total: Operating Costs		868
85	Other Expenditures	7
90	Recoveries – External (outside Govt. reporting entity)	(3,068)
Total Gov't Operating Expenses		1

Full Time Equivalents (FTEs): 13

Organizational Chart: The Superintendent of Real Estate was separately appointed by the LGIC. The different statutes specify the responsibilities and authorities of this role, and provide varying ways that government may direct the Superintendent.



Page 67 to/à Page 71

Withheld pursuant to/removed as

s.13

**Office of the Associate Deputy Minister
Corporate Information and Records Management Office (CIRMO)**

ADM Responsible: David Curtis

Under the leadership of the Chief Records Officer, the Corporate Information and Records Management Office (CIRMO) is the central agency responsible for developing corporate information management strategies, legislation, operations, policies, standards, training and compliance. CIRMO promotes effective information management practices across government. Information management includes:

- Privacy;
- Access to Information (including FOI and Proactive Disclosure);
- Records Management and Information Classification; and
- Elements of Information Security.

CIRMO is responsible for leading and supporting the BC Public Service in the transformation to digital information management. This transformation includes transition to the digital storage of information and archiving government's information of permanent value in a digital archive (as required by the *Information Management Act*). CIRMO ensures information management projects align with government's vision for modernized information management, and is responsible for leading strategic information management initiatives, including coordinating responses to David Loukidelis' report recommendations (December 2015).

CIRMO provides services to ministries including: coordinating and processing ministry FOI requests; reviewing and assessing privacy impact assessments and information sharing agreements; information scheduling, appraisal and storage; and posting information to the Open Information website. CIRMO also investigates Information Incidents (including privacy breaches).

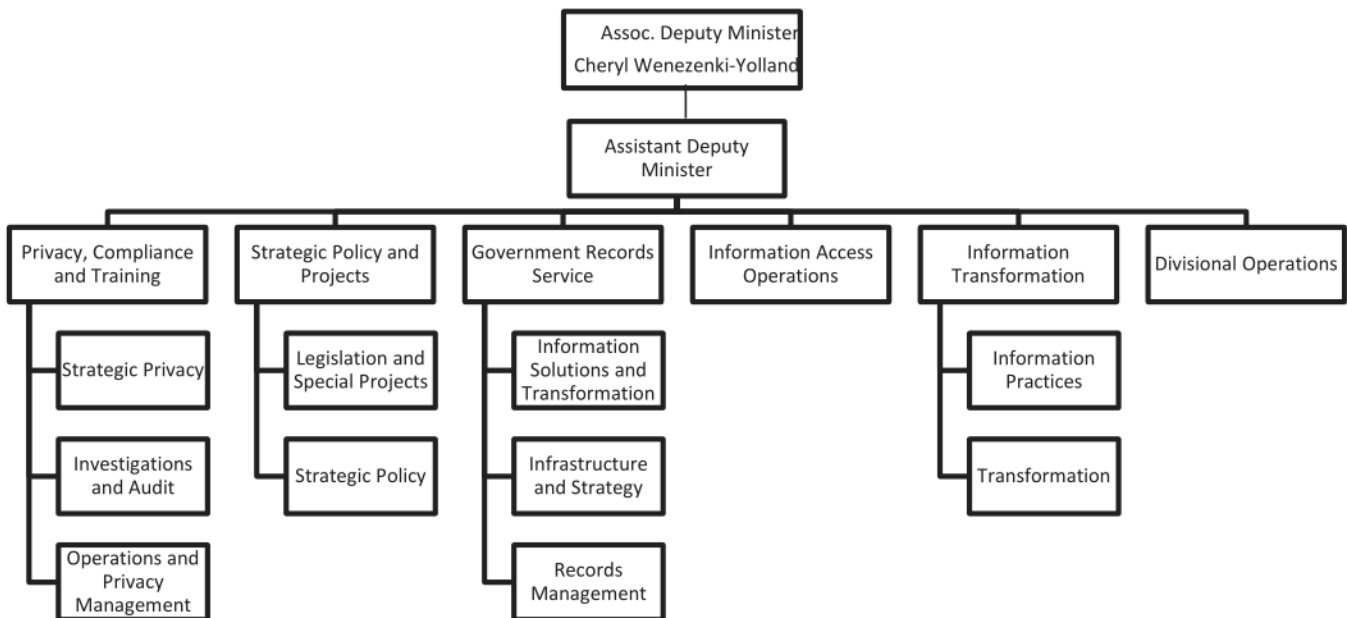
Budget: \$18,951,000 (FY 2017/2018)

Full Time Equivalents (FTEs): 237

Related Legislation:

- *Information Management Act*
- *Freedom of Information and Protection of Privacy Act*
- *Personal Information Protection Act*

Organizational Chart:



CIRMO Stakeholders

March 2017

Branch	Organization	Contact	Description	Key Issues	Address
OIPC	Office of the Information and Privacy Commissioner	Drew McArthur Acting Information and Privacy Commissioner	An independent Officer of the Legislature with a mandate set out under the <i>Freedom of Information and Protection of Privacy Act</i> and <i>Personal Information Protection Act</i> .	<ul style="list-style-type: none"> Updates and communication on key privacy and access to information initiatives and policy and legislation changes 	4th Floor, 947 Fort Street, Victoria, BC V8V 3K3
OAG	Office of the Auditor General	Carol Bellringer Auditor General 250 419-6100 bcauditor@bcauditor.com	An independent Officer of the Legislature with a mandate set out under the <i>Auditor General Act</i> .	<ul style="list-style-type: none"> Updates, communication on key information management initiatives 	PO BOX 9036 STN PROV GOVT Victoria, BC V8W 9A2
BCCLA	BC Civil Liberties Association	Michael Vonn Policy Director 604 630-9753 Michael@bccla.org	A non-partisan charitable society.	<ul style="list-style-type: none"> Privacy and Access rights 	900 Helmcken Street, Vancouver, BC V6Z 1B3
FIPA	BC Freedom of Information and Privacy Association	Vincent Gogolek Executive Director 604 739-9788 Vincent@fipa.bc.ca	A non-partisan, non-profit society.	<ul style="list-style-type: none"> Privacy and Access Rights 	#103- 1093 West Broadway, Vancouver, BC V6H 1E2

Branch	Organization	Contact	Description	Key Issues	Address
CBABC	Canadian Bar Association, BC Branch	Caroline Nevin Executive Director 604 687-3404 cba@cbabc.org	The Association represents lawyers, judges, law teachers and law students.	<ul style="list-style-type: none"> Privacy and Access Rights 	10th Floor, 845 Cambie Street, Vancouver, BC V6B 5T3
UVIC-ELC	Environmental Law Centre – University of Victoria	Deborah Curran A/Executive Director dlc@uvic.ca	The ELC is a non-profit society that operates clinical public interest environmental law program in partnership with the UVic Law.	<ul style="list-style-type: none"> Access rights and public interest disclosures 	University of Victoria, P.O. Box 1700 STN CSC, Victoria, BC, V8W 2Y2
RBCM	Royal BC Museum	Jack Lohman CEO Angela Williams Chief Operating Officer & Deputy CEO 250 213-8007 AWilliams@royalbcmuseum.bc.ca	The museum archives of government. Under IMA, the CRO may transfer non-digital government records to this entity. MOU also in place to Mar 31, 2020. A government body designated under the <i>Information Management Act</i> , and public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> .	<ul style="list-style-type: none"> Changes in legislation, records management process and policies Any programs or initiatives related to the permanent preservation of government records (e.g. Digital Archives) 	675 Belleville St. Victoria, BC V8W 9W2

Branch	Organization	Contact	Description	Key Issues	Address
	Government Bodies	Various	A government body designated under the <i>Information Management Act</i> , and public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> .	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Government Agencies (not covered by IMA)	Various	A public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> , that is not designated a government body under the <i>Information Management Act</i> .	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Educational Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: universities, colleges, school districts, etc.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	
	Health Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: health authorities, Provincial Health Services Authority.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various

Branch	Organization	Contact	Description	Key Issues	Address
	Local Government Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: municipalities, regional districts, etc.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Law Enforcement Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: municipal police boards.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Governing Bodies Regulating Professions or Occupations	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: College of Physicians and Surgeon, College of Nurses, etc.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	
	Remaining public bodies as defined in Schedule 2 of FOIPPA	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: BC Coroners Service; BC Arts Council; BC Utilities Commission.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various

Branch	Organization	Contact	Description	Key Issues	Address
	PIPA Organizations	Various	Organizations (including non-profits, associations and private businesses) that operate in BC, and are not federally regulated.	<ul style="list-style-type: none"> Private sector privacy legislation 	Various

ISSUE NOTE

Corporate Information and Records Management Office Ministerial Orders Establishing COIPAs

Issue:

- A ministry or program area must have an appropriate authority under the *Freedom of Information and Protection of Privacy Act* (FOIPPA) to collect, use or disclose personal information.
- The Act provides specific authority for central agencies providing centralized services – known as “common or integrated programs or activities”.
- In order to rely on these authorities, a central agency or other shared service must first be confirmed as a “common or integrated program or activity” through the use of either
 - A common or integrate program agreement
 - A Ministerial Order issued by the Minister responsible for FOIPPA.

s.13

Background:

- In 2011 a suite of amendments were made to FOIPPA, including the expansion of information sharing provisions in the Act, to enable “common or integrated” programs such as the BC Services Card (BCSC) and the Integrated Case Management System (ICM).
- Under these amendments, in order to rely on the expanded information sharing authorities, a program must first be confirmed through an “Integrated Program Agreement” (IPA), which must be signed by the head of every participating public body, and must include
 - a description of the program,
 - roles and responsibilities of the participants,
 - the type of personal information involved and the purposes,
 - key objectives, and
 - expected benefits or outcome.
- These agreements can, in some cases, be administratively cumbersome, for example where a central agent provides services to all ministries (and the head of every ministry would therefore be required to countersign the agreement).
- Therefore, in 2015 a regulatory amendment was made to enable an additional, more flexible solution. The amendment provides the Minister responsible for FOIPPA the authority to issue a Ministerial Order that confirms specific programs or activities as a “common or integrated program or activity” for the purposes of the Act.

s.13

s.13

Decision required:

- **30 day issue**

s.13

ISSUE NOTE

Corporate Information and Records Management Office Significant Privacy Breaches

Issue:

- The Privacy, Compliance and Training Branch's Investigations Unit (IU) is currently supporting three significant privacy breaches.

Background:

- The IU, situated within the Corporate Information and Records Management Office, is responsible for the coordination, investigation and resolution of government information incidents, including privacy breaches.
- The three significant breaches as at April 12, 2017, include:
 - s.15
 - **Physician's Records:** A physician retained images of records, which captured personal information, when he received a package containing hundreds of Medical Services Plan cheques inadvertently from Health Insurance BC. This issue is now proceeding to court.
 - OCG report leak: The IU has completed an investigation of a leak of a report to the media that was authored by the Office of the Comptroller General regarding the Ministry of Health terminations issue. A final report has been prepared and discussions regarding publication are presently underway.
- As work is still being conducted on these three incidents, the results and status are likely to change before a new government is in place. Accordingly, briefings regarding the above and potential new incidents will be made available as part of the transition process.

Decision required:

- This is a 30-day issue
- Decisions may be required as part of the response to specific incidents, any such requests for decision will be included in briefings provided following the transition.

ISSUE NOTE

Corporate Information and Records Management Office Information and Privacy Commissioner

Issue:

- A Special Committee of the Legislative Assembly recently formed to appoint a new Information and Privacy Commissioner (Commissioner) was unable to come to a unanimous decision as required by the *Freedom of Information and Privacy Act* (FOIPPA), which left BC without a Commissioner and independent oversight of privacy and access issues for three days. s.12,s.13

Background:

- The Information and Privacy Commissioner for British Columbia (Commissioner) is an independent officer of the Legislature appointed for a renewable six-year term by a special all-party committee of the Legislature.
- On March 22, 2016, the Minister of Finance received a resignation letter from former Commissioner, Elizabeth Denham, stating she would not be seeking re-appointment as she intended to move to a new position as the Information Commissioner for the United Kingdom.
- A Special Committee to appoint a new Commissioner, chaired by MLA Sam Sullivan was struck on March 1, 2016.
- Section 39 of FOIPPA permits the Lieutenant Governor in Council to appoint an Acting Commissioner until a new Commissioner can be appointed or until 20 sitting days after the start of the next legislative session, whichever comes first. The 20 days expired on March 13, 2017.
- On June 29, 2016, the Lieutenant Governor in Council appointed Drew McArthur as Acting Commissioner.
- On March 16, 2017, the Special Committee tabled its report in the House stating that it had been unable to 'make a unanimous recommendation as required by the legislation'. It recommended that a new Special Committee to select the Information and Privacy Commissioner should be struck after the election and the opening of the new parliament.
- As an Acting Commissioner cannot be renewed, it was necessary to have the Commissioner's position vacant for at least a day so that Drew McArthur could be appointed a second time. The appointment was made by the Lieutenant Governor in Council on March 17, 2017. In all, the Commissioner's position was vacant for three days.

- If, as the previous Special Committee recommended, a new Special Committee is formed that Special Committee will, according to the legislation, have 20 sitting days to appoint a new Commissioner.

s.13

Decision required:

- **60 day issue**

s.12,s.13

ISSUE NOTE

Corporate Information and Records Management Office

Information Management Act

Issue:

- The *Information Management [Documenting Government Decisions] Amendment Act* and the “Duty to Document”

Background:

- A bill amending the *Information Management Act* received Royal Assent on March 18, 2016.
- The new and amended provisions of the Act are not yet in force, and will come into force by Order in Council.
- The bill (the *Information Management [Documenting Government Decisions] Amendment Act*) accomplished two primary objectives:
 - Creating a legislated “duty to document”; and
 - Enhancing the oversight powers of the Chief Records Officer (CRO).

s.13

- The other provisions in the amending Act, which support increased CRO direction, oversight and compliance, s.13 Bringing these provisions into force will provide an expanded authority for compliance and investigation activities related to the Act, and will clarify the CRO’s authority to issue binding direction to ministries and other government bodies on a variety of information management topics. They are also required to respond to David Loukidelis’ report recommendations (December 2015).

Decision required:

- 90 day issue

s.12,s.13

ISSUE NOTE

Corporate Information and Records Management Office Ombudsperson Misfire response

Issue:

- Government actions taken to respond to systemic investigative implications from the Office of the Ombudsperson's report, titled "Misfire: The 2012 Ministry of Health Employment Terminations and Related Matters" (Misfire Report).

Background:

- In April 2017, the Ombudsperson released its Misfire Report, which examined the Ministry of Health terminations, including: the events leading up to the decision to terminate the employees; the termination decision itself; actions taken by government following the terminations; and related matters deemed worthy of investigation by the Ombudsperson.
- The report makes both individual and systemic recommendations.
- The findings of the report and the systemic recommendations it makes are relevant to all internal government investigations; therefore, the Internal Investigations Working Group (the Working Group) has been tasked with examining the Misfire Report and developing an action plan to respond to findings and recommendations identified in the report respecting common investigative practice.
- The Working Group includes representatives from government's internal investigative units, including those in the BC Public Service Agency (PSA), the Corporate Information and Records Management Office (CIRMO), the Office of the Comptroller General (OCG), and the Office of the Chief Information Officer (OCIO).
- The Working Group has reviewed the Misfire Report and has identified that the internal investigation units' practices are largely consistent with the best practices guidance in the report.

s.13

s.13

Decision required:

- 90 day issue
- s.13

EXECUTIVE MEMBER BIOGRAPHY

David Curtis, Assistant Deputy Minister, Corporate Information & Records Management Office



David Curtis was appointed Assistant Deputy Minister, Corporate Information and Records Management Office, on February 5, 2016.

Prior to this assignment, David was the Assistant Deputy Minister / Executive Financial Officer for the Economy Sector. In this role, David led the provision of financial and corporate services for the Ministries of Community, Sport and Cultural Development (CSCD), Jobs, Tourism and Skills Training (JTST) (and Minister Responsible for Labour), International Trade (MIT) and Small Business and Red Tape Reduction (SBRT) (and Minister Responsible for the Liquor Distribution Branch).

David began his career with the BC Public Service in 1994 as a member of the Ministry of Forests Wildfire Management Branch's Unit Crew and Parattack programs and has taken on a range of progressively more senior roles in multiple ministries with a focus on financial management, strategic planning, project management, policy, stakeholder engagement and program delivery.

He holds Master of Public Administration and Master of History degrees from the University of Victoria.

Crown Agencies Resource Office

Executive Director Responsible: Angela Swan

Core Business/ Program Area Description/Critical Business Processes:

The Crown Agencies Resource Office (CARO) has lead responsibility for overseeing and maintaining the Crown Agency Governance and Accountability System. CARO provides oversight of and support regarding Crown agency governance and corporate accountability in relation to all public sector organizations (PSOs).

Key CARO accountabilities include maintaining and updating the Government's Crown Agency Registry and Shareholder's Expectations Manual for British Columbia Crown Agencies, and CARO also oversees the annual mandate letter process. As the central agency responsible for corporate governance in the public sector, CARO establishes corporate policy and corporate governance structures, conducts mandate reviews of public sector entities, and provides guidance on the creation and dissolution of public sector organizations.

CARO provides leadership to ministries and strategic advice to Cabinet and government ministries on governance-related issues, and mandates for all Crown agencies. We conduct analysis, establish best practices, and offer advice and recommendations for orientation and training on governance, accountability, strategic planning, and performance planning and reporting. CARO coordinates inter-entity issues and policies as required.

Critical Business Processes:

CARO coordinates the Ministry and Crown Agency Service Plan and Annual Service Plan Report development process as required by the *Budget Transparency and Accountability Act*, as well as the annual mandate letters from Ministers to Crown Board Chairs to provide clear direction on government priorities, and ensure alignment of Crown Agency strategic direction with those priorities.

CARO is the lead agency on ministry requests for exemptions to *Budget Transparency and Accountability Act* reporting requirements for individual Crowns.

Finally, we are developing an orientation and development program for public sector organization Board appointees and staff in ministries responsible for Crown Corporations. This program will include an integrated onboarding program for new board appointees, targeted educational modules to provide governance information tailored to specific Crown Agencies on request, and a "train the trainer" program to build governance capacity in ministries responsible for Crown Agencies.

2016/17 Estimated Actuals¹:

Total \$903,364²

Full Time Equivalents (FTEs): 9 (1 position vacant)

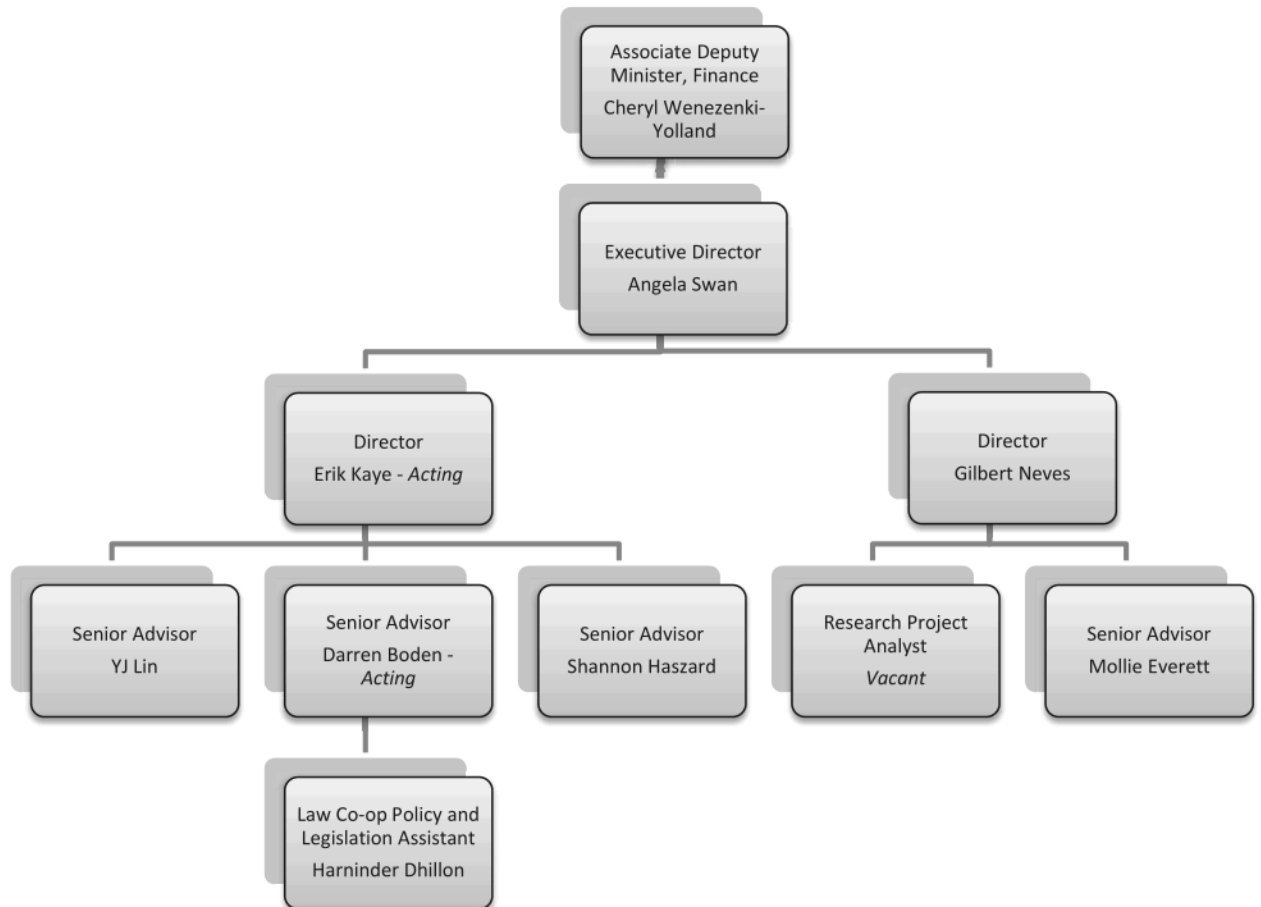
¹ Estimated actuals are preliminary results

² CARO's estimated program costs, including the PD Forum costs charged to the Ministry's Initiatives Fund last year, is approximately \$993,000.

Related Legislation:

- *Budget Transparency and Accountability Act*
- *Balanced Budget and Ministerial Accountability Act*
- PSO Enabling Legislation (where applicable)

Organizational Chart:



Finance - Key Stakeholders

March 2017

Branch	Organization	Contact	Description	Key Issues	Address
CARO	Board Resourcing and Development Office	Natalya Brodie Director 604-775-1683 natalya.brodie@gov.bc.ca	Responsible for: <ul style="list-style-type: none"> Providing information about public sector organizations, the people who are appointed to serve on them and the appointment process. 	Provide input into: <ul style="list-style-type: none"> Guidelines for appointments to public sector organizations. Best practices guidelines for public service organizations. 	Suite 730 999 Canada Place Vancouver, BC V6C 3E1
CARO	Public Sector Employers' Council	Christina Zacharuk CEO and President 250-387-0842 christina.zacharuk@gov.bc.ca	Responsible for: <ul style="list-style-type: none"> Providing strategic direction for human resource management and labour relations in public sector organizations. 	Provide input into: <ul style="list-style-type: none"> Guidelines for public sector appointee and executive compensation. Policies relating to human resources and labour relations. 	PO BOX 9400 STN PROV GOVT Victoria BC V8W 9V1
CARO	Ministries responsible for crown agencies	Appropriate Deputy Minister responsible for crown	Responsible for: <ul style="list-style-type: none"> Crown agencies 	Provide input into: <ul style="list-style-type: none"> Mandate letter process Service plan process Annual service plan report process <i>Budget Transparency and Accountability Act</i> exemption process 	As per ministry contact information

Revised 2017/18 – 2019/20 Service Plans: Process and Estimated Timelines

Timelines as they relate to Legislative Requirements:

- In accordance with sections 6(2)(b) and 12 of the Budget Transparency and Accountability Act (BTAA), service plans for each Ministry and Crown Agency, along with the main estimates, must be tabled in the Legislative Assembly no later than 90 days after the post-election appointment of the Executive Council.
- As the post-election appointment of Executive Council took place on June 12, Budget Day is estimated to occur during the week of September 5-8.
- Because 90 days after the swearing in of the post-election Executive Council falls on Sunday, September 10, it is assumed that Budget Day will take place during the week prior.

Proposed process and estimated timelines:

- The development of Ministry and Crown Agency service plans may begin as soon as a new Executive Council is sworn in, and there is clarity about any significant structural changes to Ministries and Crowns.
- The development of Crown Agency mandate letters may also begin as soon as a new Executive Council is sworn in, and there is clarity about any significant structural changes to Ministries and Crowns.
- The table below outlines a proposed process and associated deadlines for the Crown Agencies Resource Office (CARO) to coordinate with Ministry contacts and Treasury Board Staff (TBS) to ensure all Ministry and Crown Agency service plans are ready to be tabled during the week of September 5-8.

Estimated Timelines and Key Dates for Service Plan Review and Approval

Key Dates and Proposed Deadlines	Description of Activity
June 12	<ul style="list-style-type: none"> • Post-election Liberal Executive Council sworn in • Day 0 of BTAA's 90 day deadline for Budget Day
First two weeks of July	<ul style="list-style-type: none"> • Estimated timeline for swearing in of new Executive Council
One week after swearing in of new Executive Council	<ul style="list-style-type: none"> • Service Plan Guidelines/Template sent to Ministries. • Confirmation or updates to Mandate Letter and direction.
August 8	<ul style="list-style-type: none"> • Ministries submit for review by CARO and TBS: <ul style="list-style-type: none"> ○ ADM approved draft of Ministry Service Plans, and ○ ADM and CEO approved drafts of Crown Service Plans.
August 18	<ul style="list-style-type: none"> • CARO and TBS provide comments on all draft Ministry and Crown Service Plans.
August 21	<ul style="list-style-type: none"> • Estimated date by which financial information required for Service Plans is available for Ministries (and some Crowns).
August 23	<ul style="list-style-type: none"> • Ministries submit amended drafts of Ministry and Crown Service Plans (with financials included) for final TBS and CARO reviews.
August 25	<ul style="list-style-type: none"> • TBS and CARO provide final comments on all Ministry and Crown Service Plans.
August 26-29	<ul style="list-style-type: none"> • Ministries submit Final Service Plans: <ul style="list-style-type: none"> ○ Minister signed (Ministry), and ○ Board Chair/CEO signed (Crown).
August 30	<ul style="list-style-type: none"> • CARO sends all Service Plans to Queens Printer for production.
September 5-8	<ul style="list-style-type: none"> • Estimated Budget Day¹ • Service Plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day.

¹ Because 90 days after the swearing in of the post-election Executive Council falls on Sunday, September 10, it is assumed that Budget Day will take place during the week prior.

Board Secretaries/ Supports Contact Information

Health Authorities						
Board	Board Chair	Secretary	Official Title	Email	Phone	Address
Fraser Health Authority	Karen Matty	Carmen Gudljek	Board Executive Assistant	carmen.gudljek@fraserhealth.ca	604-587-4639	Central City Tower 400 - 13450 102th Ave Surrey BC V3T 0H1
Interior Health Authority	John Henry O'Fee	Debra Brinkman	Board Resource Officer	debra.brinkman@interiorhealth.ca	250-469-7070 Ext. 12804	5 th Floor, 505 Doyle Ave Kelowna BC V1Y 6V8
Northern Health Authority	Dr. Charles (Chuck) Jago	Desa Chipman	Senior Executive Assistant to CEO and Board Chair	desa.chipman@northernhealth.ca	250-565-2922	600 – 299 Victoria St Prince George BC V2L 5B8
Provincial Health Services Authority	Tim F. Manning	Cathy Prentice	Board Liaison and Executive Administrator	cathy.prentice@phsa.ca	604-675-7496	700-1380 Burrard St Vancouver BC V6Z 2H3
Vancouver Coastal Health Authority	(Kip) C.C. Woodward	Cheryl Palazoff	Board Support Lead	cheryl.palazoff@vch.ca	604-875-4719	11 th Floor, 601 West Broadway Vancouver BC V5Z 4C2
Vancouver Island Health Authority	Don Hubbard	Stacy Bligh	Board Liaison Officer	stacey.bligh@viha.ca	250-370-8693	1952 Bay St Victoria BC V8R 1J8

Board Secretaries/ Supports Contact Information

Public Post- Secondary Institutions						
Board	Board Chair	Secretary	Official Title	Email	Phone	Address
British Columbia Institute of Technology	Jack W. Davidson	Barbara Kader	Executive Assistant, Governance	Barbara_Kader@bcit.ca	604-432-8865	3700 Willingdon Ave Burnaby BC V5G 3H2
Camosun College	Russell J. Lazaruk	Heather Martin	College Governance Executive Assistant	martinh@camosun.ca	250-370-3409	3100 Foul Bay Rd Victoria BC V8P 5J2
College of New Caledonia	Robert Lee Doney (Acting Chair)	Marlene Beaulieu	Executive Office Administrator	beaulieum@cnc.bc.ca	250-561-5829	3330 - 22nd Ave Prince George BC V2N 1P8
College of the Rockies	Wilda C. Schab	Susan Woods	Executive Assistant to the President/ CEO and the Board	woods@cotr.bc.ca	250-489-8203	2700 College Way PO Box 8500 Cranbrook BC V1C 5L7
Douglas College	Shelley C. Williams	Shelagh Donnelly	College Secretary	donnellys@douglascollege.ca	604-527-5388	700 Royal Ave PO Box 2503 New Westminster BC V3L 5B2
Justice Institute of British Columbia	James (Jim) S. McGregor	Janet Haberfield	Executive Assistant to the President and Board	jhaberfield@jibc.ca	604-528-5529	715 McBride Blvd New Westminster BC V3L 5T4
Langara College	Daniel Kwin Grauer	Diana Falcon	Executive Assistant to the Board	dfalcon@langara.ca	604-323-5016	100 West 49th Ave Vancouver BC V5Y 2Z6

Board Secretaries/ Supports Contact Information

Nicola Valley Institute of Technology	William (Jamie) Sterritt	Pat Brown	Executive Assistant to the President and the Board	pabrown@nvit.bc.ca	250-378-3306	4155 Belshaw St Merritt BC V1K 1R1
North Island College	Derek M. Lamb	Rachel Reid	Executive Assistant to the Board	Rachel.Reid@nic.bc.ca	250-334-5275	2300 Ryan Rd Courtenay BC V9N 8N6
Northern Lights College	John Kurjata	Holly Larden	Executive Assistant to the President and Board	hlarden@nlc.bc.ca	250-784-7559	11401 - 8th St Dawson Creek BC V1G 4G2
Northwest Community College	Herb Pond	Kimberly Quibell	Executive Assistant to the Board, First Nations Council and the President	kquibell@nwcc.bc.ca	250-638-5418	5331 McConnell Ave Terrace BC V8G 4X2
Okanagan College	Connie G. Denesiuk	Linda Le Gallee	Administrative Assistant to the Board	llegallee@okanagan.bc.ca	250-862-5472	1000 KLO Rd Kelowna BC V1Y 4X8
Selkirk College	Sharel Margaret Wallace	Catherine Harder	Executive Assistant to the President and the Board	charder@selkirk.ca	250-365-1225	301 Frank Beinder Way PO Box 1200 Castlegar BC V1N 3J1
Vancouver Community College	Pamela S. Ryan	Deborah Lucas	Executive Assistant to the Board	dluca@vcc.ca	604-871-7000, Ext. 7158	1155 East Broadway Vancouver BC V5T 4V5
Capilano University	Soon Kim	Marika Morissette	Executive Assistant to the President and the Board	marikamorissette@capilano.ca	604-984-4933	2055 Purcell Way North Vancouver BC V7J 3H5

Board Secretaries/ Supports Contact Information

Emily Carr University of Art & Design	Kimberly (Kim) Diane Peacock	Phillippa Mennell	University Secretary	mennell@ecuad.ca	604-844-3890	1399 Johnston St Granville Island Vancouver BC V6H 3R9
		Carina Clark	Executive Assistant to the President and Board Secretary	carina@ecuad.ca	604-844-3815	
Kwantlen Polytechnic University	Hanne Madsen	Keri van Gerven	University Secretary and Confidential Assistant to the President	keri.vangerven@kpu.ca	604-599-2078	12666 - 72 nd Ave Surrey BC V3W 2M8
		Maggie Mackenzie	Confidential Assistant to the Board	maggie.mackenzie@kpu.ca	604-599-2475	
Royal Roads University	Wayne F. Strandlund	Karen Hakkarainen	Manager Board Governance and Planning	karen.hakkarainen@royalroads.ca	250-391-2600 Ext. 4173	2005 Sooke Rd Victoria BC V9B 5Y2
Simon Fraser University	Julia H. Kim	Ian Forsyth	University Secretary	lforsyth@sfu.ca	778-782-3924	8888 University Dr Burnaby BC V5A 1S6
		Val Rodden	Board of Governors' Assistant	rodden@sfu.ca	778-782-4644	
Thompson Rivers University	James A. Thomson	John Sparks	General Council and Corporate Secretary	jsparks@tru.ca	250-828-5002	900 McGill Rd PO Box 3010, Kamloops BC V2C 5N3
		Charlene Myers	Manager University Governance	cmyers@tru.ca	250-828-5318	
University of British Columbia	Alton Stuart Belkin	Reny Kahlon	Director Board of Governors Secretariat, and Secretary to the Board	reny.kahlon@ubc.ca	604-822-2127	6328 Memorial Rd Vancouver BC V6T 1Z2

Board Secretaries/ Supports Contact Information

University of the Fraser Valley	John C. Pankratz	Al Wiseman	University Secretary	al.wiseman@ufv.ca	604-557-4020	33844 King Rd Abbotsford BC V2S 7M9
		Linda Dahl	Executive Assistant to the Board of Governors	linda.dahl@ufv.ca	604-854-4561	
University of Northern British Columbia	Tracey M. Wolsey	Heather Sanford	University Secretary	heather.sanford@unbc.ca	250-960-5878	3333 University Way Prince George BC V2N 4Z9
		Sherri Hoff	Governance Officer	shari.hoff@unbc.ca	250-960-5630	
University of Victoria	Daphne E. Corbett	Julia Eastman	University Secretary	jeastman@uvic.ca	250-721-8100	Room B102, Sedgewick Bldg PO Box 1700 Victoria BC V8W 2Y2
		Teresa Watson	Executive Assistant to the University Secretary	Usec3@uvic.ca	250-721-8105	
Vancouver Island University	Allan R. Wiekenkamp	Marie Armstrong	University Secretary	Marie.Armstrong@viu.ca	250-740-6564	900 - Fifth St Nanaimo BC V9R 5S5
		Jolene Edmunds	Administrative Coordinator to the Board of Governors	Jolene.edmunds.@viu.ca	250-740-6198	

Board Secretaries/ Supports Contact Information

Reporting Crowns Agencies						
Board	Board Chair	Secretary	Official Title	Email	Phone	Address
BC Assessment Authority	Judy M. Rogers	Susan Campbell	Board Chair Contact	s.22	s.22	400 - 3450 Uptown Blvd. Victoria BC V8Z 0B9
		Kate Blokmanis	General Counsel and Corporate Secretary	kate.blokmanis@bcassessment.ca	250- 595-6211	
BC Council for International Education	Jim Hamilton	Christina Barnett	Executive Assistant, BCCIE	cbarnett@bccie.bc.ca	604-637-6757	Suite 603, 409 Granville Street Vancouver BC V6C 1T2
		Joanna Campbell	Executive Assistant to Jim Hamilton	jcampbell@okanagan.bc.ca	250-862-5403	
BC Games Society	James (Jamey) Scott Paterson	Glenda Rae	Executive Assistant	glendar@bcgames.org	250-387-1375	#200 - 990 Fort Street Victoria BC V8V 3K2
BC Housing Management Commission	Judy M. Rogers	Susan Campbell	Board Chair Contact	s.22	s.22	1701-4555 Kingsway Burnaby BC V5H 4V8
		John Bell	Director, Strategic Planning (also Corporate Secretary)	jbell@bchousing.org	604-439-4737	
BC Hydro and Power Authority	W. J. Brad Bennett	Ruth Burr	Board Support	ruth.burr@bchydro.com	604-623-4481	18 th Floor, 333 Dunsmuir St. Vancouver BC V6B 5R3
		Amy McCallion	Corporate Secretary	amy.mccallion@bchydrdo.com	604-623-4234	

Board Secretaries/ Supports Contact Information

BC Immigrant Investment Fund Ltd.	Shannon L. Baskerville	Shirley Kwan	Senior Executive Administrative Assistant – DMO	Shirley.kwan@gov.bc.ca	250-952-0103	8th Floor, 1810 Blanshard Street Victoria BC V8W 9N3
		Jan Wilton	Office Manager	Jan.wilton@gov.bc.ca	250-952-0136	
BC Innovation Council	Derek F. Lew	Michelle Foster	Office Manager	mfoster@bcic.ca	604- 602-5221	9th Floor, 1188 West Georgia Street Vancouver BC V6E 4A2
BC Lottery Corporation	Stuart (Bud) D.B Smith, Q.C.	Suzanne Rowley	Assistant Corporate Secretary/ Executive Assistant	srowley@bclc.com	604-225-6399	74 West Seymour Street Kamloops BC V2C 1E2
		Jennifer Keim	General Counsel (also Corporate Secretary)	jkeim@bclc.com	250 – 828-5557	
BC Oil and Gas Commission	Dave Nikolejsin	Ruth Samarin	Assistant Corporate Secretary	ruth.samarin@bcogc.ca	250-419-4468	PO Box 9331 Stn Prov Govt Victoria BC V8W 9N3
		Trevor Swan	Executive Vice President, Chief Legal & Regulatory Officer (also Corporate Secretary)	trevor.swan@bcogc.ca	250-419-4473	
BC Pavilion Corporation	Stuart O. McLaughlin	Judy Mah	Executive Assistant for CEO & CFO	JMah@bcpavco.com	604-647 -7205	Suite 200 - 999 Canada Place Vancouver BC V6C 3C1

Board Secretaries/ Supports Contact Information

BC Securities Commission	Brenda M. Leong	Paula Couper Ann Gander	Senior Executive Secretary Secretary to the Commission	pcouper@bcsc.bc.ca agander@bcsc.bc.ca	604- 899-6557 604-899-6534	701 West Georgia Street Box 10142, Pacific Centre Vancouver BC V7Y 1L2
BC Transit Corporation	S. Frank B. Carson	Tania Bonfield	Executive Assistant to the President & CEO and Board of Directors	tania_bonfield@bctransit.com	250-995-5728	Box 610 Victoria BC V8W 2P3
Columbia Basin Trust	Richard Bennett Jensen	Jane Medlar	Executive Assistant & Corporate Secretary	jmedlar@cbt.org	250-304-1620	Suite 300 445 – 13 Ave. Castlegar BC V1N 1G1
Columbia Power Corporation	Robert Lee Doney	Sheana Green	Corporate Secretary/ Executive Assistant	sheana.green@columbiapower.org	250-304-6066	Suite 200, 445 – 13th Avenue Castlegar BC V1N 1G1
Community Living British Columbia	Thomas P. Christensen	Kanapa Pitakpong	Board Liaison	kanapa.pitakpong@gov.bc.ca	604-664-0823	7th Floor, 1200 – West 73rd Avenue Vancouver BC V6P 6G5
Destination British Columbia	Andrea J. Shaw	Nicole Endrizzi	Assistant Corporate Secretary	Nicole.endrizzi@destinationbc.ca	604-660-2153	12 th Floor – 510 Burrard Street Vancouver BC V6C 3AE
First Peoples' Cultural Council¹	Cynthia Callison	Susan De Stephanis	Executive Assistant to CEO	susan@fpcc.ca	250-652-5952	1A Boat Ramp Road Brentwood Bay BC V8M 1N9
Forestry Innovation Investment Ltd.	Timothy (Tim) R. Sheldan	Kirsten Robertson Kevin Regan	Office Manager Director, Corporate	kirsten.robertson@bcfii.ca kevin.regan@bcfii.ca	604-685-7507 604-601	Suite 1200 – 1130 Pender Street West Vancouver BC V6E 4A4

¹ Legal name is First Peoples' Heritage, Language and Culture Council

Board Secretaries/ Supports Contact Information

			Relations (also Board Secretary)		5315	
Insurance Corporation of British Columbia (ICBC)	Barry D. Penner	Jason McDaniel	Chief Legal Officer and Corporate Secretary	Jason.Mcdaniel@icbc.com	s.22	151 Esplanade West North Vancouver BC V7M 3H9
		Katie Madden	Assistant Corporate Secretary	Katie.Madden@icbc.com		
Industry Training Authority	Gwyn Morgan	Michelle Vucko	Executive Assistant to the Board of Directors	mvucko@itabc.ca	778-785-2407	800-8100 Granville Avenue Richmond BC V6Y 3T6
Knowledge Network Corporation	Nini Baird	Pamela Thomas	Board Support	pamelat@knowledge.ca	604-431-3175	4355 Mathissi Place Burnaby BC V5G 4S8
Legal Services Society	Celeste Ann Haldane	Gulnar Nanjijuma	Executive and Board Coordinator/ Assistant Corporate Secretary	gulnar.nanjijuma@lss.bc.ca	604-601-6138	400 – 510 Burrard Street Vancouver BC V6C 3A8
Partnerships British Columbia	Dana Hayden	Roseli Johnson	Executive Assistant (Vancouver)	roseli.johnson@partnershipsbc.ca	604-806-4168	Suite 2320, 1111 West Georgia Street Vancouver BC V6E 4M3
		Carolee Punnett	Executive Assistant (Victoria)	Carolee.punnett@partnershipsbc.ca	250-475-4668	
Real Estate Council of British Columbia	Robert D. Holmes, Q.C.	Robin Edwards	Executive Assistant to the Executive Officer	redwards@recbc.ca	s.22	900-750 West Pender Street Vancouver BC Canada V6C 2T8

Board Secretaries/ Supports Contact Information

Royal British Columbia Museum	Susan J. Knott	Lily Jer-Nakamura	Executive Coordinator	ljernakamura@royalbcmuseum.bc.ca	250-953-4015	675 Belleville Street, Victoria BC V8W 9W2
Transportation Investment Corporation	Daniel (Dan) Patrick Doyle	Stephanie Van Veen	Coordinator	svanveen@ticorp.ca	778-783-1210	Suite 210 - 1500 Woolridge Street, Coquitlam BC V3K 0B9
WorkSafeBC	John Beckett	Audrey O'Brien	Board Support	Audrey.OBrien@worksafebc.com	604-276-3190	6951 Westminster Highway Richmond BC V7C 1C6
		Nicolette Gatzke	Executive Admin Assistant	Nicolette.Gatzke@worksafebc.com	604- 232-7103	

**MINISTRY OF FINANCE
TRANSITION BRIEFING MATERIAL – JUNE 2017**

TABLE OF CONTENTS

MINISTRY OVERVIEW	<u>Tab</u>
Ministry Profile	1
Organization Chart	2
Executive Profiles	3
Ministry 17/18-19/20 Service Plan	4
Ministry 17/18 Business Plan	5
Legislative Priorities	6
Reports and Studies	7
Officers of the Legislature - Outstanding Issues	8
 DEPUTY MINISTER'S OFFICE	
Core Business/Program Area Description & Organization Chart	
• 30/60/90 day issues	
 ASSOCIATE DEPUTY MINISTER	
Core Business/Program Area Description & Organization Chart	
• CORPORATE INFORMATION & RECORDS MANAGEMENT	
○ Core Business/Program Area Description & Organization Chart	
○ 30/60/90 day issues	
○ Stakeholders	
• CROWN AGENCIES RESOURCE OFFICE	
○ Core Business/Program Area Description & Organization Chart	
○ Stakeholders	
• GAMING POLICY & ENFORCEMENT	
○ Core Business/Program Area Description & Organization Chart	
○ 30/60/90 day issues	
○ Stakeholders	
• INTERNAL AUDIT & ADVISORY SERVICES	
○ Core Business/Program Area Description & Organization Chart	
○ 30/60/90 day issues	
 CORPORATE SERVICES DIVISION	
Core Business/Program Area Description & Organization Chart	

GOVERNMENT HOUSE

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues

OFFICE OF THE COMPTROLLER GENERAL

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues
- Stakeholders

OFFICE OF THE SUPERINTENDENT OF REAL ESTATE

- Core Business/Program Area Description & Organization Chart
- Stakeholders

POLICY AND LEGISLATION

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues
- Stakeholders

PROVINCIAL TREASURY

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues
- Stakeholders

REVENUE DIVISION

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues
- Stakeholders

TREASURY BOARD STAFF

- Core Business/Program Area Description & Organization Chart
- 30/60/90 Day Issues
- Stakeholders

CROWN CORPORATIONS

	<u>Tab</u>
BC Lotteries Commission	1
○ Core Business	
○ Overview	
○ 17/18 -19/20 Service Plan	
○ 15/16 Annual Service Plan Report	
○ 17/18 Mandate Letter	
○ 30/60/90 Day Issues	
BC Securities Commission	2
○ Core Business	
○ Overview	
○ 17/18 -19/20 Service Plan	
○ 15/16 Annual Service Plan Report	
○ 17/18 Mandate Letter	
Partnerships BC	3
○ Core Business	
○ Overview	
○ 17/18 -19/20 Service Plan	
○ 15/16 Annual Service Plan Report	
○ 17/18 Mandate Letter	
Real Estate Council of British Columbia	4
○ Core Business	
○ Overview	

AGENCIES, BOARDS AND COMMISSIONS

	<u>Tab</u>
Accounting Policy Advisory Council	1
Financial Institutions Commission	2
○ Executive Biographies	
○ 30/60/90 day Issues	
○ Stakeholders	
Insurance Council of British Columbia	3
Public Sector Employers' Council	4
○ Executive Biographies	
○ 30/60/90 day Issues	
○ Stakeholders	

MINISTRY OF FINANCE

TRANSITION BINDER

June 2017

CONFIDENTIAL



Legislative Proposals

s.12,s.13

Page 006 to/à Page 011

Withheld pursuant to/removed as

s.12;s.13

New Proposal – Approved by DM

s.12,s.13

New Proposals – Not Approved by DM

s.12,s.13

Page 013 to/à Page 014

Withheld pursuant to/removed as

s.12;s.13

MINISTRY PROFILE

Ministry: Finance

Ministry Mandate:

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies. The Ministry is responsible for delivering fair, efficient and effective tax administration, and revenue and treasury management that fund government programs, services and infrastructure essential to citizens in B.C.

More specifically the Ministry is responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Oversight and policy development for all ministries regarding information management, records management, privacy, and freedom of information (FOI) policies and practices;
- Banking, accounting, and risk and debt management services for government;
- Leadership of key public sector governance, accountability and social responsibility initiatives;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the schools, universities, colleges and hospitals (SUCH) sector);
- Internal audit and consulting services to B.C.'s ministries and Crown corporations;
- Policy development for specific sectors including gaming, financial, corporate and real estate sectors in B.C.; and
- Regulation of the gaming, financial services and real estate sectors, and administration of the B.C. credit union deposit insurance fund.

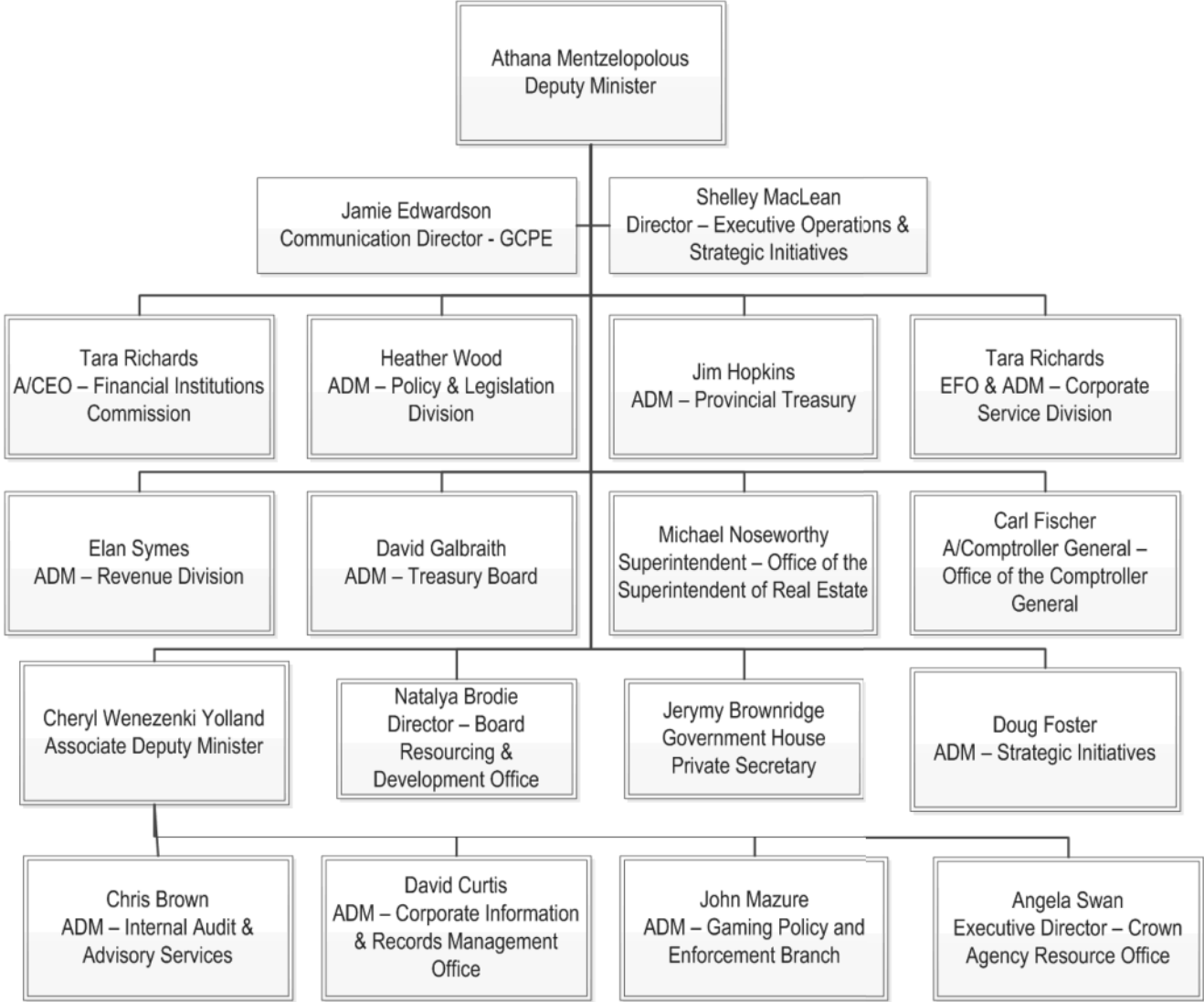
The Minister of Finance is accountable for the BC Public Service Agency, Public Sector Employers' Council, BC Securities Commission, BC Lottery Corporation, the Real Estate Council of BC, and Partnerships BC.

Budget:

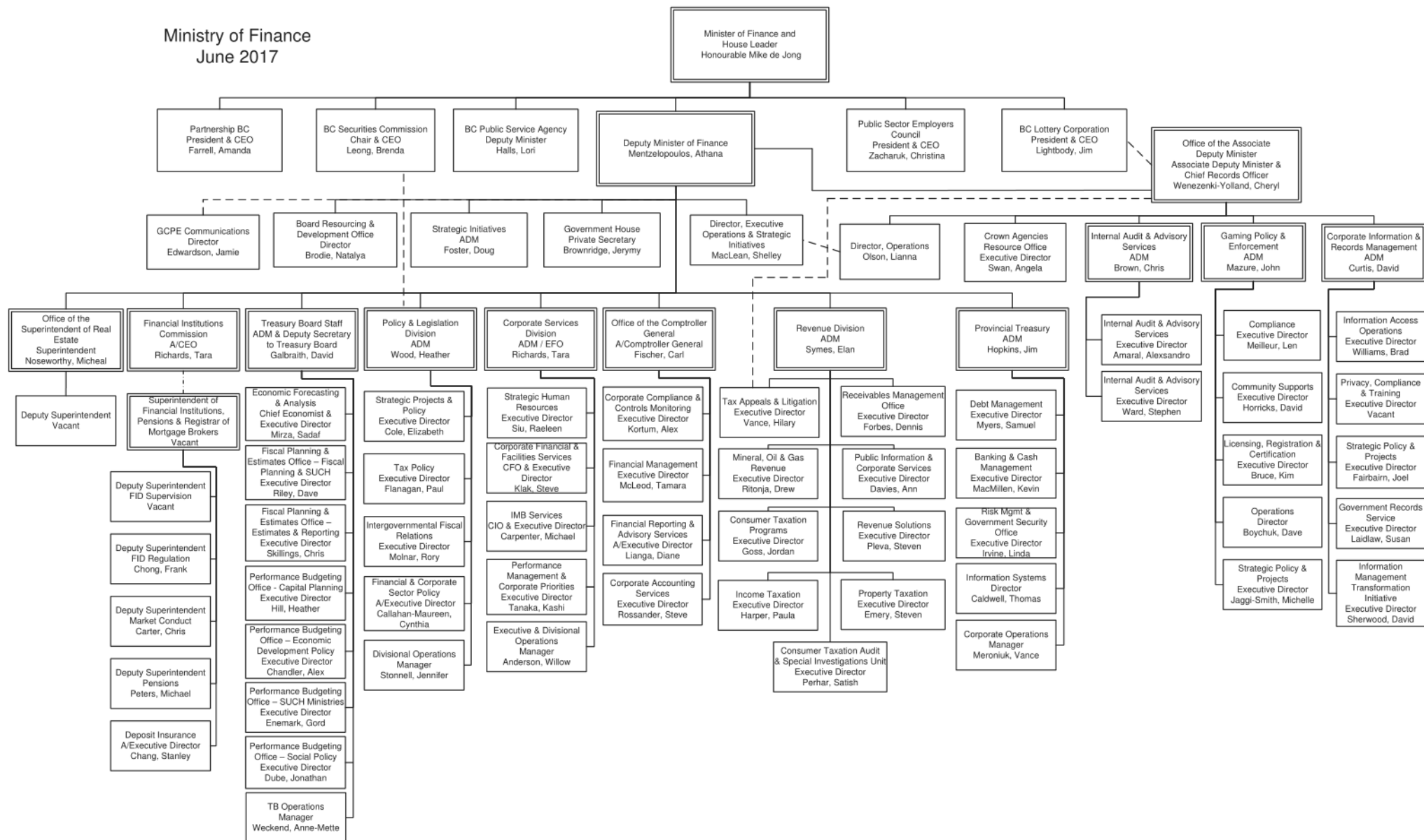
	2016/17 (Restated)	2017/18	2018/19	2019/20
Vote 23 – Ministry Operations	\$178,946,000	\$189,789,000	\$191,340,000	\$191,369,000
Vote 24 – Gaming and Policy and Enforcement	\$19,055,000	\$19,146,000	\$19,220,000	\$19,220,000
Statutory Appropriations (Special Accounts):				
Insurance and Risk Management Account	\$4,178,000	\$4,180,000	\$4,199,000	\$4,199,000
Provincial Home Acquisition Wind Up	\$10,000	\$10,000	\$10,000	\$10,000
Housing Priority Initiatives special account	\$0	\$88,200,000	\$316,873,000	\$323,076,000
Total	\$202,189,000	\$301,325,000	\$531,642,000	\$537,874,000

Full Time Equivalent (FTE) Utilization: 1,738 FTEs, as at March 15, 2017.

Executive Organizational Chart:



Ministry of Finance
June 2017



Outstanding Issues Raised by Officers of the Legislature

Recommendation	Date Required	Office of the Auditor General	Key Activities/Milestones
That government report publicly on its assessment of the province's long-term fiscal sustainability, including the reporting of relevant targets and results. This assessment should inform the annual budget process.	No timeframe specified Ministry of Finance set target dates for action plan items	<i>Monitoring Fiscal Sustainability</i> Released June 2015	<ul style="list-style-type: none"> • Jurisdictional scan of best practices: complete a report that gathers other approaches to identifying and mitigating long-term fiscal impacts (2017). • Publicly report on the assessment of key issues that impact long-term fiscal sustainability: <ul style="list-style-type: none"> a) <u>Demographics / Economy:</u> Report on long-term economic growth prospects, including demographic trends (completed in 2016). b) <u>Capital:</u> Report on capital spending to include a summary of provincial facility condition assessment programs, including a discussion of performance measures that assess the condition of capital infrastructure (2017). c) <u>Revenue:</u> Report on long-term anticipated changes to the tax base and Province's revenue capability (2017). d) <u>Debt:</u> Report on provincial debt to include graphs/explanation re long-term affordability of debt (2017). e) <u>Expenses:</u> Report on levels and trends of consolidated revenue spending (2018). • Evaluate and recalibrate: evaluate topic reports and determine whether additional reports needed; stand-alone report is value-add, etc (2018). <p>* Each key issue assessment will be released publicly and include discussion of relevant targets and results where appropriate.</p>
From the 2013 Evergreen Line Rapid Transit Project audit report: Recommendation 1: The Ministry of Finance implement a project plan, describing the scope, required resources, timelines and deliverables, for updating the Capital Asset Management Framework (CAMF) to provide comprehensive guidance for public	No timeframe specified	<i>Progress Audit: Evergreen Line Rapid Transit Project</i> Released February 2017 In the progress audit report, the OAG disagreed with Finance's self-assessment on recommendation 1 (fully/substantially implemented).	<ul style="list-style-type: none"> • Finance has implemented a project plan for the update of CAMF which begins with an update to the procurement chapter. Three best practice guidance documents have been approved and released under the "tools" section of CAMF. In addition, revisions of the procurement chapter are underway and nearing completion. • In keeping with the CAMF update project plan, the next section of the document to be updated is the planning chapter. The planning chapter will address the specific areas raised by the OAG report on

May 1, 2017

pg. 1

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Date Required	Office of the Auditor General	Key Activities/Milestones
<p>sector agencies on:</p> <ul style="list-style-type: none"> The information required to underpin capital project planning and how this should be documented; and The type of oversight that should be applied to verify the information presented to government. 		<p>The OAG assessment is that the recommendation is only partially implemented. In the progress report the OAG states “Although progress has been made, the Ministry of Finance has not completed its project that would address our recommendation.”</p>	<p>the Evergreen Line.</p> <ul style="list-style-type: none"> The revision of CAMF will include guidance on the information required in planning a capital project, documentation needed and the due diligence required on information presented to government, particularly as part of the update of the planning chapter. As the update of CAMF is an ongoing project, the project plan is reviewed and revised internally as needed. Representatives from the construction industry and the provincial government have been working together through the Deputy Ministers and Industry Infrastructure Forum (DMIIF) to review capital procurement practices and current policy direction. DMIIF provides support for consolidated input from, and engagement with, industry. The Ministry of Finance works with the CAMF subcommittee of DMIIF to implement priority initiatives related to CAMF. As a result of that work, the Province has implemented three new best practice guidelines under the CAMF; Pre-qualification Processes, Privilege Clauses and Release of Information/Documents for Competitive Procurement Opportunities.
<p>From the 2013 Evergreen Line Rapid Transit Project audit report:</p> <p>Recommendation 6:</p> <p>The Ministry of Finance, Ministry of Transportation and Infrastructure, and Partnerships British Columbia improve how they assess and report on whether strategic options assessments and business cases have followed CAMF guidelines.</p>	No timeframe specified	<p><i>Progress Audit: Evergreen Line Rapid Transit Project</i></p> <p>Released February 2017</p> <p>In the progress audit report the OAG agreed with Finance’s self-assessment of partially implemented for recommendation 6.</p>	<ul style="list-style-type: none"> The Ministry of Finance plans to review guidelines for strategic options assessments and business cases during the update of the planning section of CAMF, including the development of tools as needed (e.g. scalable business case template). The development of tools for the planning chapter of CAMF will get underway in summer 2017. Ministry of Finance reviews of business cases, including strategic options analysis provided by agencies, are aligned with the principles in CAMF and reported through TBS briefing notes prepared for the advice of Treasury Board.

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Date Required	Office of the Auditor General	Key Activities/Milestones
Inform readers of the reasons for, and effects of, using a different presentation for the debt balances in the main chapter of the Budget and Fiscal Plan than for the debt balances in the Summary Financial Statements.	No timeframe specified	<i>Budget Process Examination Phase 2: Forecasting for Operating Expense, Capital Spending and Debt</i> Released April 2017	<ul style="list-style-type: none"> • <i>Budget 2017</i> included enhanced disclosure of the presentation of the debt projections in the main chapter of the document (total provincial debt), including a reference to the reconciliation between provincial debt and financial statement debt. • The main differences between the two concepts of debt are: <ul style="list-style-type: none"> – provincial debt is net of sinking funds; and – provincial debt includes debt as part of equity in self-supported Crown corporations. • The OAG may want to see more disclosure in the budget document for the reasons why this presentation of provincial debt is used versus financial statement debt or a table in the main chapter showing reconciliation, similar to the Public Accounts – we will continue to engage with the OAG to enhance clarity in the budget document.
Enhance disclosure of the key assumptions supporting significant changes in projected caseload trends for statutory programs, to allow readers to understand the reasons and risks behind the changes.	No timeframe specified	<i>Budget Process Examination Phase 2: Forecasting for Operating Expense, Capital Spending and Debt</i> Released April 2017	<ul style="list-style-type: none"> • This recommendation to improve presentation and disclosure will be addressed in future budget processes. • In examining the Material Assumptions table from <i>Budget 2015</i>, the OAG noted an 18% decrease in the Temporary Assistance caseload over the four years disclosed. • Leading up to <i>Budget 2015</i>, the Temporary Assistance caseload decreased from actuals of 56,009 in 2011/12 to a forecast of 43,500 for 2014/15, or 22%. This decrease in caseload generally reflected the continuing recovery of the economy from the 2008 global financial crisis. • However, the sensitivities provided in the budget document are somewhat generic (applies to both increases and decreases) and there is limited information other than noting in the “Risks to the Fiscal Plan” section that pressures will need to be managed if demand is higher than estimated in caseload programs like income assistance.

Outstanding Issues Raised by Officers of the Legislature

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
R1	By June 30, 2017, government make an ex gratia payment in the amount of \$75,000 to each of Dr. Malcolm Maclure, Dr. Rebecca Warburton, Ron Mattson, Robert Hart, Ramsay Hamdi, David Scott, and the estate of Roderick MacIsaac.	June 30, 2017	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	s.12
R2	By June 30, 2017, government make an ex gratia payment in the amount of \$50,000 to each of Mark Isaacs, Dr. Colin Dormuth and Dr. William Warburton.	June 30, 2017	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	
R3	By June 30, 2017, government make: a. an ex gratia payment in the amount of \$15,000 to each of six public servants who were also subjects of the investigation; and,	June 30, 2017	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in	

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
			the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	
R4	<p>That government:</p> <p>a. By September 30, 2017:</p> <p>i. Establish a compensation fund in an amount not less than \$250,000</p> <p>ii. Identify and contact individuals (other than individuals identified in the other ex gratia payment recommendations) who were employees, associates or research subcontractors of:</p> <p>1. Resonate</p> <p>2. Blue Thorn Research and Analysis Group</p> <p>3. the Therapeutics Initiative who were impacted by the data and contract suspensions and cancellations and invite them to make applications to the fund.</p> <p>b. By March 31, 2018 make ex gratia payments to the applicants from the fund on a fair and equitable basis, taking into account the impact the data and contract suspensions and cancellations had on them.</p>	<p>September 30, 2017</p> <p>March 31, 2018</p>	<p>Government accepts this recommendation.</p> <p>In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.</p>	<p>s.12</p> <p>By August 31, 2017, identify employees, associates and research subcontractors of Resonate, Blue Thorn Research and Analysis Group and the Therapeutics initiative who were impacted by the data and contract suspensions and cancellations.</p> <p>By September 15, 2017, working with Hon. Thomas Cromwell, identify a process to remunerate individuals from the compensation fund.</p> <p>By September 30, 2017 provide information to impacted individuals on the process to apply to the compensation fund.</p> <p>By March 31, 2018 make ex gratia payments, as directed by the Hon. Thomas Cromwell, out of the compensation fund.</p>

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
R5	By June 30, 2017, government make an additional ex gratia payment in the amount of \$50,000 to each of Ron Mattson and Mark Isaacs.	June 30, 2017	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	s.12
R12	By June 30, 2017, government issue a public statement confirming that the ministry has withdrawn the final report of the Investigation and Forensic Unit, and acknowledge that the report contains inaccuracies and will not be relied on.	June 30, 2017	The Government accepts this recommendation. Ministry of Finance officials will prepare a letter of withdrawal to attach to the final report, direct all individuals who have a record of the final report to confirm copies of the report have been destroyed, and prepare a public statement confirming these actions for release by June 30, 2017. Further, as the Ombudsperson identified, the Ministry of Finance will continue to implement the recommendations on practice improvements identified by KPMG.	Response combined for R12 and R13. By May 15, 2017, a comprehensive list of all individuals impacted by a combination of the report and its subsequent unauthorized disclosure will be compiled. By May 30, 2017 the individual responsible for the development of the report will submit in writing to the Office of the Comptroller General (OCG) an unqualified acknowledgement the report was inaccurate and should be withdrawn. By May 31, 2017 all individuals known to have received a copy of the report will be asked to confirm in writing that all copies of the report have been destroyed. By May 31, 2017 for records management purposes, a single copy of the report will be retained in the OCG records with a memo attached confirming the report is inaccurate and has been withdrawn. By June 15, 2017 letters of apology will be forwarded to all impacted individuals confirming the report has been

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
				<p>withdrawn, is inaccurate and will not impact their ability to work in government.</p> <p>By June 20, 2017, a public statement will be made confirming the report has been withdrawn and is inaccurate.</p>
R13	By June 30, 2017, the Ministry of Finance send a letter of apology to each of the individuals named in the report of the Investigation and Forensic Unit, who it notified following the unauthorized disclosure of the report, confirming that the ministry has withdrawn the report and that the report will not affect the ability of those individuals to work for or with government in the future should they wish to do so.	June 30, 2017	<p>Government accepts this recommendation.</p> <p>Ministry of Finance officials will send letters of apology to each of the individuals named in the final report, confirming the withdrawal of the report and that it will not affect their ability to work for or with government in the future. This work will be completed by June 30, 2017.</p>	See R 12 above.
R14	By June 30, 2017, government make an additional ex gratia payment in the amount of: <ul style="list-style-type: none"> a. \$25,000 to Dr. Malcolm MacLure b. \$25,000 to Dr. Rebecca Warburton 	June 30, 2017	<p>Government accepts this recommendation.</p> <p>In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.</p>	s.12

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
R21	<p>By September 30, 2017, to ensure that the principles of administrative fairness are appropriately exercised by the Investigation and Forensic Unit (IU):</p> <ol style="list-style-type: none"> The IU implement a program of ongoing professional development on administrative and procedural fairness for its investigators and any employees leading an investigation. The IU revise its draft policies and procedures manual to adequately integrate the principles of administrative fairness into its investigative approach. The Comptroller General review each investigative plan developed by the IU to ensure that the plan's scope is appropriate, and within jurisdiction, and the office can adequately resource the investigation as set out in the plan. The Comptroller General reassess the investigative plan on a regular basis, in consultation with the IU, and authorize adjustments to investigative scope or resources as necessary. 	September 30, 2017	<p>Government accepts this recommendation. Work in support of this recommendation is already underway at the Ministry of Finance as the Investigation and Forensic Unit implements the recommendations in the KPMG report referenced by the Ombudsperson.</p> <p>The Ministry of Finance is mindful additional work will be necessary to meet the full intent of the Ombudsperson's recommendation and commits to implementing the recommendation by September 30, 2017.</p>	<p>R21(a)</p> <p>By May 30, 2017 a community of practice will be established that includes all employees across government who have investigative functions.</p> <p>By June 30, 2017 a training plan will be developed to ensure a process of ongoing professional development including administrative fairness for all investigative functions across government.</p> <p>By September 15, 2017 all government employees performing an investigative function will have received professional development in administrative fairness. Professional development activities will be ongoing.</p> <p>R21(b)</p> <p>By June 30, 2017 an updated draft Policy and Procedures manual will be developed by the OCG to be reviewed by legal counsel and others.</p> <p>By September 15, 2017 an updated Policy and Procedures manual will be completed and all employees performing an investigative function will have been fully briefed on the new manual.</p> <p>R21(c) and (d)</p> <p>Based on the work done by KPMG, a new process for investigative oversight is already underway. This process provides for a clearly identified point at which the OCG</p>

Outstanding Issues Raised by Officers of the Legislature

Rec. Number	Recommendation	Date Required	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
				<p>must decide to move from information assessment to an investigation. This decision point, and other points along the path from initiation to final report, will be guided by an oversight committee comprised of the OCG, the DM of Finance and the ministry executive team in the implicated ministry.</p> <p>In developing these procedures, the OCG remains vigilant about ensuring the integrity of the investigative process is not compromised while, at the same time, there is appropriate oversight in place.</p> <p>This plan is evolving and will be reviewed and updated as necessary.</p>
R22	By September 30, 2017 the Ministry of Finance provide a report to the Auditor General on the progress of implementing each recommendation of the KPMG report. Such reporting is to continue quarterly or on such other schedule and for as long as specified by the Auditor General.	September 30, 2017	<p>Government accepts this recommendation.</p> <p>The Ministry of Finance will consult with the Auditor General on the content and schedule of the progress reporting.</p>	<p>By June 30, 2017 the Ministry of Finance will meet with the Auditor General to discuss schedule, level of detail and extent of information the office is interested in receiving.</p> <p>It is recognized and understood the Auditor General is an independent Officer of the Legislature and as such will determine their own interest in receiving the information provided by government.</p> <p>Subject to this discussion, material will be provided by no later than September 30, 2017 and on a schedule agreed to with the Auditor General thereafter.</p>

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
All ministries should implement s. 71 of FOIPPA without further delay and establish categories of records for disclosure on a proactive basis. These obligations should be made part of letters of expectation for ministers and deputy ministers.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> Ministries and other public bodies routinely release a significant amount of information on their websites. The BC Data Catalogue attracts more than 11,500 visitors per month, who download more than 150,000 datasets annually.
The minister responsible for FOIPPA should direct ministries to proactively disclose any final report or audit on the performance or efficiency of their policies, programs or activities.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> As part of a broader initiative to reinvigorate the proactive disclosure initiative, CIRMO is actively assessing additional categories of information for proactive release.
The minister responsible for FOIPPA should direct ministries to proactively disclose the records enumerated in s. 13(2) of FIPPA on a routine basis within a set timeline.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> As part of a broader initiative to reinvigorate the proactive disclosure initiative, CIRMO is actively assessing additional categories of information for proactive release.
Government should commit to signing and implementing the G8 Open Data Charter as a sub-national.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> The BC Data Catalogue has been developed to support data discovery and access with more than 3200 digital data assets available from all government ministries and a number of Broader Public Service entities. BC continues to advance the open data agenda and the release of high value datasets. In the 2016/2017 fiscal year, 193 new datasets were published in the Catalogue, of which 63 were released under the Open Government License. Highlights include the release of data related to compensation, property transfer taxes, consolidated revenue fund payments and the ParcelMap BC land parcel dataset from the Land Title and Survey Authority. We continue to work collectively with the Federal Government and sub national partners via the Open Government Working Group and internally via the DataBC Council to implement the principles of the Open Government Charter.
Government should continue to collaborate with stakeholders to increase data literacy and data literacy should be considered a measure of success for the open data program.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> Government is working actively to raise the data and technical literacy of the next generation with the emphasis of coding training in schools. We frequently provide mentors and staff support to events like hackathons and coding camps. Collaboration efforts inside and outside government emphasize data literacy and

June, 2017

pg. 1

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
		the power of data to support decision making. This work includes direct ministry outreach on data literacy, as well as public facing work via the DataBC blog and other forums, highlighting important data-oriented work.
Government should incorporate access by design principles into its information management practices.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	s.13
Government should establish an external advisory board on open government comprised of users of open information and open data, as well as, data and privacy experts to inform future developments in open government.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	<ul style="list-style-type: none"> Government participates in a number of Boards, committees and working groups to advance Open Government including the pan-Canadian Open Government Working Group. Government continues to expand its collaboration networks to the BC Investment Council, Academia, Innovation Hubs and accelerators. There is active engagement via DataBC, BC Developers' Exchange and the Centre for Data Driven Innovation programs.
Government should develop a single de-identification approach for ministries that includes procedures on de-identifying datasets and assessing the risk of re-identification in the context of open data. Government should also develop policies for reviewing data released as open data on a regular basis to assess the risk of re-identification.	Office of the Information and Privacy Commissioner (F13-03: Evaluating the Government of BC's Open Government Initiative [July 25th, 2013])	s.13
Public bodies should develop policies that provide guidance to employees and officers about the public body's obligations under s. 25 of FIPPA.	Office of the Information and Privacy Commissioner (Investigation Report F13-05: Public Body Disclosure of Information Under Section 25 of the Freedom of Information and Protection of Privacy Act [Dec. 2, 2013])	<ul style="list-style-type: none"> CIRMO has developed and distributed a guidance document with respect to s.25.
Government should amend s. 25(1)(b) of FOIPPA to remove the requirement of temporal urgency so that	Office of the Information and Privacy Commissioner (Investigation Report F13-05:	<ul style="list-style-type: none"> As it is currently written, s.25(1)(b) does not explicitly require the consideration of temporal urgency. The inclusion of temporal urgency was a matter of past

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
there is a mandatory obligation for public bodies to disclose all information that is clearly in the public interest to disclose.	Public Body Disclosure of Information Under Section 25 of the Freedom of Information and Protection of Privacy Act [Dec. 2, 2013])	interpretation, both by government and the OIPC. In a 2015 report, the OIPC reinterpreted this section to remove temporal urgency from consideration. s.13
Government should define and implement steps to eliminate the backlog of access to information requests and, in the forthcoming budget cycle, should give priority to providing more resources to dealing with the greatly increased volume of access requests.	Office of the Information and Privacy Commissioner (A Step Backwards: Report Card on Government's Access to Information Responses April 1, 2013 – March 31, 2014 [Sept. 23, 2014])	<ul style="list-style-type: none"> Over both the 2015/2016 and the 2016/2017 fiscal years, business process reviews, including formal "Lean" projects and other staff-led continuous improvements have streamlined administrative workloads. In 2015/2016, government implemented new, end-to-end FOI software that is capable of creating efficiencies in case management, redactions and the secure release of records. These efforts have resulted in a significant impact. In September 2015, there were close to 600 requests in backlog. The number of backlog requests now sits at 170. Government is continuing to explore new technologies that assist with de-duplication and records organization, which could potentially provide significant benefits, particularly when used to process large-volume requests. As part of a broader investment of \$3 million to enhance corporate information management services, government allocated CIRMO an additional \$1.5 million in funding in 2016/2017, dedicated to increasing front-line staffing capacity in access to information.
Government should ensure it builds access and privacy into any new information management system at the design stage in order to ensure the system operates from a records management perspective, as well as, from a program perspective.	Office of the Information and Privacy Commissioner (A Step Backwards: Report Card on Government's Access to Information Responses April 1, 2013 – March 31, 2014 [Sept. 23, 2014])	<ul style="list-style-type: none"> CIRMO is reviewing current assessment tools to ensure the appropriate level of assessment of impacts to access to information, in the initial review that all projects, programs, systems and legislation are required to undergo.
Government establish an ongoing privacy compliance monitoring function within the OCIO that: a.) Reviews processes, policies & training government-wide, to ensure that breaches are promptly reported to the OCIO and that affected individuals are notified without delay;	Office of the Information and Privacy Commissioner (An Examination of The Government of BC'S Privacy Breach Management [Jan. 28, 2015])	s.13

June, 2017

pg. 3

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
<p>b.) Conducts regular follow-up with ministries to ensure full implementation of prevention strategies and recommendations provided through the breach investigation process;</p> <p>c.) Reviews privacy and security safeguards within ministries and service providers;</p> <p>d.) Conducts regular cross-government analysis of the causes and potential solutions to privacy breaches; and</p> <p>e.) Publicly reports detailed information relating to breaches, bodies, responsibilities, types and causes, and preventative measures annually.</p>		
<p>The OCIO to:</p> <p>a.) Review and amend policy documents relating to privacy breach management; and</p> <p>b.) Provide basic guidance or training for privacy breach investigative staff as well as ministry information and security staff relating to amendments made.</p>	<p>Office of the Information and Privacy Commissioner (An Examination of The Government of BC'S Privacy Breach Management [Jan. 28, 2015])</p>	<p>s.13</p>
<p>The Ministry [of Education] should apply to amend its ORCS to include a new schedule that governs data extracted from its Educational Data Warehouse. The designated retention period should be the minimum amount of time required for operational purposes.</p>	<p>Office of the Information and Privacy Commissioner (F16-01 Ministry of Education [Jan. 28, 2016])</p>	<p>s.13</p>
<p>To ensure that Ministry [of Education] employees follow the policies and procedures necessary to comply with s. 30 of FIPPA, they should receive mandatory training with periodic refresher courses on the collection, use, disclosure, security and retention of personal information and why it is essential that they comply with government policy.</p>	<p>Office of the Information and Privacy Commissioner (F16-01 Ministry of Education [Jan. 28, 2016])</p>	<ul style="list-style-type: none"> To date, 96% of employees within the Ministry of Education have completed government's mandatory information management course, IM117.

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
The Ministry [of Education] should implement an audit program that includes risk assessments to evaluate the security of personal information, audits against policy, and reviews the effectiveness of staff training.	Office of the Information and Privacy Commissioner (F16-01 Ministry of Education [Jan. 28, 2016])	s.13
Ministries should monitor and audit compliance with privacy policies and adopt proactive solutions to detect unauthorized use and disclosure of ministry information.	Office of the Information and Privacy Commissioner (Mobile Device Management in B.C. Government [Oct 18, 2016])	s.13
Ministries should conduct a thorough review of all personal information currently stored on mobile devices and then create an inventory of the types of personal information that is commonly stored.	Office of the Information and Privacy Commissioner (Mobile Device Management in B.C. Government [Oct 18, 2016])	s.13
Compliance policies and accompanying guidance documents should be consolidated and clarified to be applicable to mobile devices. They should be clear, concise, comprehensive, and easy to understand and implement.	Office of the Information and Privacy Commissioner (Mobile Device Management in B.C. Government [Oct 18, 2016])	<ul style="list-style-type: none"> • Policy development is underway s.13 and its supporting policies. • Mobile device security standard has been released • Mobile device guidelines for employees have been released s.13
Ministries should put in place a process that ensures security notifications are received by all employees who use mobile devices.	Office of the Information and Privacy Commissioner (Mobile Device Management in B.C. Government [Oct 18, 2016])	s.13
The roles and responsibilities for privacy and security management of mobile devices, including those specific to the OCIO, ministries, program areas and	Office of the Information and Privacy Commissioner (Mobile Device Management in B.C. Government [Oct 18, 2016])	s.13 <ul style="list-style-type: none"> • New IM 117 course has been implemented and 94% of employees have

June, 2017

pg. 5

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
employees, should be clarified, documented, and effectively communicated to all responsible parties.		completed it
Government should configure the settings in Microsoft Outlook to prevent employees from removing items from the Recover Deleted Items folder.	Office of the Information and Privacy Commissioner (F15-03 Access Denied: Record Retention and Disposal Practices of the Government of British Columbia [Oct. 22, 2015])	<ul style="list-style-type: none"> The practice of “triple deleting” has been prohibited. s.13
Amend FIPPA to ensure that subsidiary corporations of local public bodies are covered.	Office of the Information and Privacy Commissioner	<ul style="list-style-type: none"> Initial consultations have confirmed that this is a complex issue due to the disparate types of corporations that are affiliated with local public bodies. Further review and consideration is required.
<p>An error in the drafting of the definition for data linking has resulted in very few initiatives being subject to OIPC oversight. The definition should be broadened to include the type of initiatives that were originally intended to be covered by the 2011 FOIPPA amendments.</p> <p>As acknowledged by Deputy Minister Kim Henderson in her April 11, 2013 letter to the Commissioner, the data linking provisions as currently drafted do not achieve their intended policy objectives and this matter should addressed at the earliest opportunity.</p>	Office of the Information and Privacy Commissioner	s.12
The Information and Privacy Commissioner made 22 recommendations to the Special Committee of the Legislative Assembly to review the <i>Freedom of Information and Protection of Privacy Act</i> . The Committee accepted several of these recommendations and made its own recommendations on several of the topics raised by	Submission to the 2010 Special Committees of the Legislative Assembly to Review the <i>Freedom of Information and Protection of Privacy Act</i>	<ul style="list-style-type: none"> Some of these recommendations were addressed by amendments to the Act in 2011. Government continues to review and assess these recommendations, as well as the recommendations of the Special Committee and other stakeholders, s.1 s.13

Outstanding Issues Raised by Officers of the Legislature

Recommendation	Office of the Information and Privacy Commissioner	Key Activities/Milestones
<p>the Commissioner.</p> <p>Among these recommendations were recommendations to:</p> <ul style="list-style-type: none"> • Give the OIPC a statutory mandate to review and approve all data sharing initiatives. • Appoint a Government Chief Privacy Officer. 		
<p>The Information and Privacy Commissioner made 21 recommendations to the Special Committee of the Legislative Assembly to review the <i>Freedom of Information and Protection of Privacy Act</i>. The Committee accepted several of these recommendations and made its own recommendations on several of the topics raised by the Commissioner.</p> <p>Among these recommendations were recommendations to:</p> <ul style="list-style-type: none"> • Add a “duty to document” to FOIPPA. • Add a breach notification and reporting framework. • Amend the definition for “data-linking”. • Make it an offense to collect, use, or disclose personal information in contravention of the Act. • Amend the Act to apply to subsidiary corporations of public bodies. 	<p>Submission to the 2015 Special Committees of the Legislative Assembly to Review the <i>Freedom of Information and Protection of Privacy Act</i></p>	<ul style="list-style-type: none"> • Some of these recommendations were addressed by amendments to the <i>Information Management Act</i> in 2017. • Government continues to review and assess these recommendations, as well as the recommendations of the Special Committee and other stakeholders. s.13

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
R1	By June 30, 2017, government make an ex gratia payment in the amount of \$75,000 to each of Dr. Malcolm MacLure, Dr. Rebecca Warburton, Ron Mattson, Robert Hart, Ramsay Hamdi, David Scott, and the estate of Roderick MacIsaac.	June 30, 2017	Finance	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	Completed. Ex gratia payments along with personal apologies identified in R8 sent.
R2	By June 30, 2017, government make an ex gratia payment in the amount of \$50,000 to each of Mark Isaacs, Dr. Colin Dormuth and Dr. William Warburton.	June 30, 2017	Finance	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	Completed. Ex gratia payments along with personal apologies identified in R8 sent.
R3	By June 30, 2017, government make: a. an ex gratia payment in the amount of \$15,000 to each of six public servants who were also subjects of the investigation.	June 30, 2017	3(a) Finance	Government accepts this recommendation.	R3(a): Completed. Ex gratia payments along with personal apologies identified in R8 sent.

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
R4	<p>That government:</p> <p>a. By September 30, 2017:</p> <ol style="list-style-type: none"> Establish a compensation fund in an amount not less than \$250,000 Identify and contact individuals (other than individuals identified in the other ex gratia payment recommendations) who were employees, associates or research subcontractors of: <ol style="list-style-type: none"> Resonate Blue Thorn Research and Analysis Group the Therapeutics Initiative who were impacted by the data and contract suspensions and cancellations and invite them to make applications to the fund. <p>b. By March 31, 2018 make ex gratia payments to the applicants from the fund on a fair and equitable basis, taking into account the impact the data and contract suspensions and cancellations had on them.</p>	<p>September 30, 2017</p> <p>March 31, 2018</p>	Finance	<p>Government accepts this recommendation.</p> <p>In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.</p>	<p>R4(a)i: – completed.</p> <p>R4aii:</p> <p>By August 31, 2017, identify employees, associates and research subcontractors of Resonate, Blue Thorn Research and Analysis Group and the Therapeutics initiative who were impacted by the data and contract suspensions and cancellations and provide that information to Mr. Cromwell, if he requests it.</p> <p>By September 15, 2017, working with Hon. Thomas Cromwell, identify a process to remunerate individuals from the compensation fund.</p> <p>By September 30, 2017 working with Hon. Thomas Cromwell, provide information to impacted individuals on the process to apply to the compensation fund.</p> <p>R4b:</p> <p>By March 31, 2018 make ex gratia payments, as directed by the Hon. Thomas Cromwell.</p>
R5	By June 30, 2017, government make an additional ex gratia payment in the amount of \$50,000 to each of Ron Mattson and Mark Isaacs.	June 30, 2017	Finance	<p>Government accepts this recommendation.</p> <p>In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia</p>	Completed. Ex gratia payments along with personal apologies identified in R8 sent.

July 24, 2017

2

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
				payments and will report quarterly on progress towards implementation of the recommendations.	
R12	By June 30, 2017, government issue a public statement confirming that the ministry has withdrawn the final report of the Investigation and Forensic Unit, and acknowledge that the report contains inaccuracies and will not be relied on.	June 30, 2017	Finance	<p>The Government accepts this recommendation. Ministry of Finance officials will prepare a letter of withdrawal to attach to the final report, direct all individuals who have a record of the final report to confirm copies of the report have been destroyed, and prepare a public statement confirming these actions for release by June 30, 2017.</p> <p>Further, as the Ombudsperson identified, the Ministry of Finance will continue to implement the recommendations on practice improvements identified by KPMG.</p>	<p>Response combined for R12 and R13.</p> <p>Completed.</p> <p>Letters of apology have been issued to the individuals referenced in the report confirming the ministry has withdrawn the report and that the report will not affect the ability of those individuals to work for or with government in the future should they wish to do so.</p> <p>A copy of the report remains in the Office of the Comptroller General for information retention requirements. The copy includes an annotation that indicates the report includes inaccuracies and will not be relied on by Government.</p> <p>The Ministry of Finance has asked parties known to have copies of the report to confirm the destruction of any copies that may remain in their possession.</p> <p>Redacted copies of the report posted on the Open Information website as part of four FOI response packages have been removed and replaced with a notice that the report has been withdrawn and acknowledging that it contains inaccuracies and will not be relied on.</p> <p>Future FOI requests for the report will include the notice that the report has been withdrawn and that it contains inaccuracies and will not be relied on. Copies of the report will not be posted to the Open</p>

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
					Information website in response to any future FOI requests.
R13	By June 30, 2017, the Ministry of Finance send a letter of apology to each of the individuals named in the report of the Investigation and Forensic Unit, who it notified following the unauthorized disclosure of the report, confirming that the ministry has withdrawn the report and that the report will not affect the ability of those individuals to work for or with government in the future should they wish to do so.	June 30, 2017	Finance	Government accepts this recommendation. Ministry of Finance officials will send letters of apology to each of the individuals named in the final report, confirming the withdrawal of the report and that it will not affect their ability to work for or with government in the future. This work will be completed by June 30, 2017.	Completed. See R 12 above.
R14	By June 30, 2017, government make an additional ex gratia payment in the amount of: a. \$25,000 to Dr. Malcolm Maclure b. \$25,000 to Dr. Rebecca Warburton	June 30, 2017	Finance	Government accepts this recommendation. In support of the recommendation's implementation, on April 7, 2017, Government engaged the Hon. Thomas Cromwell, to administer a reparation process for those adversely affected by public service conduct in the processes detailed in the Ombudsperson's report. Mr. Cromwell will administer the ex gratia payments and will report quarterly on progress towards implementation of the recommendations.	Completed. Ex gratia payments along with personal apologies identified in R8 sent.
R21	By September 30, 2017, to ensure that the principles of administrative fairness are appropriately exercised by the Investigation and Forensic Unit (IU): a. The IU implement a program of ongoing	September 30, 2017	Finance	Government accepts this recommendation. Work in support of this recommendation is already underway at the Ministry of Finance as the Investigation and Forensic Unit implements the recommendations in the KPMG report	R21(a): A community of practice has been formed that includes all employees from across government who have internal investigative functions. These include employees from the OCG, the office of the Chief

July 24, 2017

4

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
	<p>professional development on administrative and procedural fairness for its investigators and any employees leading an investigation.</p> <p>b. The IU revise its draft policies and procedures manual to adequately integrate the principles of administrative fairness into its investigative approach.</p> <p>c. The Comptroller General review each investigative plan developed by the IU to ensure that the plan's scope is appropriate, and within jurisdiction, and the office can adequately resource the investigation as set out in the plan.</p> <p>d. The Comptroller General reassess the investigative plan on a regular basis, in consultation with the IU, and authorize adjustments to investigative scope or resources as necessary.</p>			<p>referenced by the Ombudsperson.</p> <p>The Ministry of Finance is mindful additional work will be necessary to meet the full intent of the Ombudsperson's recommendation and commits to implementing the recommendation by September 30, 2017.</p>	<p>Records Officer, the Public Service Agency and the Office of the Chief Information Officer.</p> <p>Three courses at the Justice Institute of BC have been identified and all government staff performing investigative functions are enrolled over July and August 2017. The courses are:</p> <ul style="list-style-type: none"> Enhanced Investigative Interview; Introduction to Administrative Law; and, Investigative Report Writing <p>In addition, one employee is studying to receive Certified Fraud Examiners (CFE) accreditation.</p> <p>The community of practice have developed common investigative standards and these have been incorporated into the policies and procedures manuals of all four agencies. These standards include hierarchy for incidents and executive accountabilities.</p> <p>The community of practice continue to develop common principle-based standards over summer 2017 for conclusion by mid-September 2017.</p> <p>R21(b):</p> <p>The process to update the Policy and Procedures Manual at the OCG was initiated following the practice review by KPMG. The manual incorporates all recommendations from the KPMG report plus a review of best practice and CPA recommendations.</p> <p>The Manual was reviewed and updated through April and May 2017 to ensure administrative fairness provisions identified in the Ombudsperson's report are</p>

July 24, 2017

5

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
					<p>included.</p> <p>R21(c) and (d):</p> <p>Based on the work done by KPMG, a new process for investigative oversight is already underway. This process provides for a clearly identified point at which the OCG must decide to move from information assessment to an investigation. This decision point, and other points along the path from initiation to final report, will be guided by an oversight committee comprised of the OCG, the DM of Finance and the ministry executive team in the implicated ministry.</p> <p>In developing these procedures, the OCG remains vigilant about ensuring the integrity of the investigative process is not compromised while, at the same time, there is appropriate oversight in place.</p> <p>This plan is evolving and will be reviewed and updated as necessary.</p>
R22	By September 30, 2017 the Ministry of Finance provide a report to the Auditor General on the progress of implementing each recommendation of the KPMG report. Such reporting is to continue quarterly or on such other schedule and for as long as specified by the Auditor General.	September 30, 2017	Finance	<p>Government accepts this recommendation.</p> <p>The Ministry of Finance will consult with the Auditor General on the content and schedule of the progress reporting.</p>	<p>By July 30, 2017 the Ministry of Finance will meet with the Auditor General to discuss schedule, level of detail and extent of information the office is interested in receiving.</p> <p>It is recognized and understood the Auditor General is an independent Officer of the Legislature and as such will determine their own interest in receiving the information provided by government.</p> <p>Subject to this discussion, material will be provided by no later than September 30, 2017 and on a schedule</p>

Recommendations from the Ombudsperson Report: Misfire: the 2012 Ministry of Health Employment Terminations and Related Matters

Rec. Number	Recommendation	Date Required	Lead Agency	Government Response to Ombudsperson (April 7, 2016)	Key Activities/Milestones
					agreed to with the Auditor General thereafter.

Reports and Studies

Reports and Studies

Policy and Legislation

- Landcor has been providing tax policy data on paired sales (time between properties being purchased and sold). The data gives a very rough approximation of “flipping” activity. The data is available to the public and is supposed to be updated quarterly, but they are behind. The last update was May 4, 2017 with the next update likely September 2017. Here’s a link to the most recent data. <https://public.tableau.com/profile/bcpairedsalesdata#!/vizhome/BCPairedSalesAnalysis-v12-2016-07-14/PairedSalesSummaryTable>
- BC stats has been making our PTT data (including data on foreign purchasers) publicly available on roughly a monthly basis: <https://catalogue.data.gov.bc.ca/dataset/property-transfer-tax-data-2017>. The latest release of the data was June 28, 2017. The administrators at Property Taxation Branch have transferred over the past 10+ years of PTT data and BC Stats are still sorting through it.

Internal Audit & Advisory Services:

- Have just begun a review of Risk Management Branch and their activities related to self-insurance as well as the accounting for IRMA (Insurance and Risk Management Account).
- Have just begun a review of the Ministry of Advanced Education’s project management of their implementation of a new student grant management software.

STAKEHOLDER CONTACTS

Branch	Organization	Contact	Description	Key Issues	Address
<u>Financial Institutions Commission</u>					
MPC	Mortgage Professionals Canada	Paul Taylor CEO 416-644-5465 ptaylor@mortgageproscan.ca	National trade organization for mortgage brokers – not affiliated with below-noted rival trade associations	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation <ul style="list-style-type: none"> • Industry education provider seeking approvals for courses part of mandatory regulatory education at renewal of registration • Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers 	2005 Sheppard Avenue East, Suite 401 Toronto, ON M2J 5B4
CMBA-BC	Canadian Mortgage Brokers Association - BC	Samantha Gale Executive Director 604-908-9989 samanthagale@mbabc.ca	CMBA - National “umbrella” trade association comprised of 3 independent provincial trade associations including CMBA – BC, which is the MBABC (see below)	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6

MBABC	Mortgage Brokers Association of BC	Samantha Gale CEO 604-908-9989 samanthagale@mbabc.ca	MBABC - Provincial trade organization for mortgage brokers; Also referred to as CMBA – BC under its association to the CMBA	s.12,s.13 Including improvements to mandatory Conflict of Interest Disclosure to include full disclosure of compensation	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6
MBIBC	Mortgage Brokers Institute of BC	Samantha Gale CEO 604-908-9989 samanthagale@mbabc.ca	Education arm of the MBABC / CMBA-BC	<ul style="list-style-type: none"> • Industry education provider seeking approvals for courses part of mandatory regulatory education at renewal of registration • Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers 	101 – 1765 West 8th Ave. Vancouver, BC V6J 5C6
BCMMA	British Columbia MIC Managers Association	Will Granleese President 604-530-2301 will@antriminvestments.com	Provincial trade organization for select group of larger mortgage investment corporations	s.13	Suite 500 – 145 West 17th Street North Vancouver, BC V7M 3G4

UBC	University of BC Sauder School of Business, Real Estate Division	Dave Moore Director, Licensing Education 604-822-8500 dave.moore@sauder.ubc.ca	Sole provider of mandatory pre-registration education for new applicants to industry	<ul style="list-style-type: none"> Registrar undergoing a review and potential redesign of mandatory education program for mortgage brokers 	2053 Main Mall, Vancouver, BC V6T 2Z2
CLHIA	Canadian Life and Health Insurance Association	Frank Swedlove President fswedlove@clhia.ca	National industry association representing 99% of Canada's life insurance business	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> Access to/use of genetic testing results Potential changes to travel insurance sale/distribution 	79 Wellington St. West, Suite 2300 P.O. Box 99, TD South Tower Toronto, Ontario M5K 1G8
IBC	Insurance Bureau of Canada	Don Forgeron, President dforgeron@ibc.ca	National industry association representing Canada's private home, auto and business insurers	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> Seeking provision of emergency government back-stop in the event of earthquake-related disaster 	510 Burrard Street, Suite 901 Vancouver, British Columbia V6C 3A8
C1	Central 1 Credit Union	Don Wright, President & CEO don.wright@central1.com	Primary liquidity manager, payments processor and trade association for member credit unions in B.C. and Ontario	<ul style="list-style-type: none"> Current review of the <i>Financial Institutions Act</i> and the <i>Credit Union Incorporation Act</i> 	1441 Creekside Drive Vancouver, BC V6J 4S7

				s.13	
<u>Policy and Legislation Division</u>					
PLD	Central 1 Credit Union	Don Wright President & CEO 604-730-6436 don.wright@central1.com	Industry representative organization for BC (and Ontario) credit unions, liquidity provider, payments system access provider and other service provider for BC, Ontario and, for some services, other provincial credit unions, etc.	s.13	1441 Creekside Drive Vancouver BC V6J 4S7
PLD	Vancouver City Savings Credit Union	Tamara Vrooman CEO 604.877.7666 Tamara_Vrooman@vancity.com	BC's largest credit union.		183 Terminal Avenue PO Box 2120 Stn Terminal Vancouver BC V6B 5R8

PLD	Coast Capital Savings Credit Union	Don Coulter Chief Executive Officer don.coulter@coastcapitalsavings.com	BC's second largest credit union (largest membership). Is seeking to continue federally under the <i>Bank Act</i>	s.13	800-9900 King George Blvd Surrey, British Columbia V3T 0K7
PLD	First West Credit Union	Launi Skinner CEO LSkinner@firstwestcu.ca	BC's third largest credit union		6470 201 Street Langley BC V2Y 2X4
PLD	Insurance Brokers Association of British Columbia	Chuck Byrne Executive Director 604-606-8001 cbyrne@ibabc.org	Industry representative organization for property and casualty (P&C) insurance brokers in BC (selling auto, home and commercial insurance)		543 Granville Street, Suite 1600 Vancouver BC V6C 1X6
PLD	ADVOCIS	Greg Pollock President and CEO 416 444-5251 president@advocis.ca	Industry representative organization for financial advisors in Canada (including life insurance agents)		390 Queens Quay West, Suite 209 Toronto ON M5V 3A2

PLD	Insurance Bureau of Canada	Don Forgeron President & CEO 416-362-2031 dforgeron@ibc.ca	Industry representative organization for property and casualty (P&C) insurance companies in Canada (selling auto, home and commercial insurance)	s.13	777 Bay Street, Suite 2400 PO Box 121 Toronto ON M5G 2C8
PLD	Canadian Association of Direct Relationship Insurers	Catherine Allman Vice President , External and Government Relations 416 773-0101 callman@cadri.com	Industry representative organization for direct insurance companies (i.e., don't sell through agents) of property and casualty (P&C) insurance in Canada		301 - 250 Consumer's Road Willowdale ON M2J 4V6
<u>Provincial Treasury</u>					
Banking Cash Management Branch (BCM)	Canadian Imperial Bank of Commerce	Teri McIntyre Market Vice President, BC & Yukon s.22 Teri.mcintyre@cibc.com	CIBC is the Province's primary bank. They are the primary cash warehouse for government working capital with balances regularly exceeding \$600M	<ul style="list-style-type: none"> • Liquidity management • Revenue collection 	

BCM	TD Merchant Services	Leslie MacDonald Vice President, Relationship Management s.22 Leslie.MacDonald@td.com	TDMS processes 30MM debit and credit card revenue transactions p.a. Revenue through this collection channel exceeds \$2.6B p.a.	<ul style="list-style-type: none"> • Revenue collection 	
BCM	Central 1 Credit Union	Peter Kellett Director, Strategic Relationships s.22 pkellett@central1.com	Central 1 is the Province's disbursement bank All outgoing payments flow through this financial institution.	<ul style="list-style-type: none"> • Government payables • Payments to citizens • Payroll 	
BCM	BC Hydro	Lisa Gifford Treasury s.22 Lisa.Gifford@bchydro.com	BC Hydro participates with the Province in relation to aggregating working capital. This reduces the Province's borrowing needs, and maximizes the utility of surplus cash.	<ul style="list-style-type: none"> • Liquidity management 	
BCM	Transportation Financing Authority	Gary So Director of Finance 250-387-7873 Gary.so@gov.bc.ca	Process Certificates of Approval related to capital expenditures.	<ul style="list-style-type: none"> • Liquidity management 	

BCM	Liquor Distribution Branch	Roger Bissoondatt, Chief Financial Officer 604-252-3151 Roger.bissoondatt@bcldb.com	LDB processes \$5.7 Billion in cash flow per annum through BCM's banking infrastructure	<ul style="list-style-type: none"> • Government revenue 	
BCM	BC Investment Management Corporation	Robert Field Director, Client Services s.22 Robert.field@bcimc.com	bcIMC manages government non-bank investments, with a current aggregate value of \$500M	<ul style="list-style-type: none"> • working capital management • liquidity • special fund management 	
BCM	CDP Participants	n/a	70 + participating SUCH Sector organizations deposit their investment cash in this program. With an aggregate balance in excess of \$2B this program is a key feature of our working capital management.	<ul style="list-style-type: none"> • Liquidity management 	n/a
Debt Management Branch (DMB)	BC investment Management Corporation	Harlan Enns, Director, s.22	Investment management services to BC's public sector.	<ul style="list-style-type: none"> • Manages sinking funds and investment portfolios 	2950 Jutland Road

DMB	British Columbia Hydro and Power Authority	Kevin Gibbson, Controller, s.22 s.22	Generate and purchase reliable electricity for BC.	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	333 Dunsmuir St. Vancouver
DMB	British Columbia Transportation Financing Authority	Gary So, Finance Director, 250 387-7873. Gary.so@gov.bc.ca	Acquires constructs and improves transportation infrastructure throughout BC.	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	PO BOX 9409 Stn Prov Govt, Victoria BC
DMB	Transportation Investment Corporation	Mario Piscitelli, Executive Director, s.22	Builds innovative transportation and funding solutions	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	1500 Woolridge St. Coquitlam
DMB	Dominion Bond Rating Service	Travis Shaw, Vice President, 416 597-7582, tshaw@dbrs.com	Credit rating services	<ul style="list-style-type: none"> Provides credit rating for BC 	181 Universtiy Avenue, Toronto
DMB	Moody's Investors Service	Michael Yake, Acting Vice President, 416 214-3865, Michael.yake@moodys.com	Credit rating services	<ul style="list-style-type: none"> Provides credit rating for BC 	1 International Pl. 100 Oliver Street, Boston, MA 02110
DMB	Standard & Poor's Corporation	Bhavini Patel, Associate Director, 416 507-2558, bhavini.patel@spglobal.com	Credit rating services	<ul style="list-style-type: none"> Provides credit rating for BC 	55 Water St. NY, New York 10041
DMB	Fitch Ratings Ltd.	Eric Kim, Director, 212 908-0241, eric.kim@fitchratings.com	Credit rating services	<ul style="list-style-type: none"> Provides credit rating for BC 	33 Whitehall ST. NY, New York 10004

DMB	Ministry of Justice	Homi Bindra, Michael Shepherd and Chris Ferguson-Martin. Legal Counsel 250 356-8468 homi.bindra@gov.bc.ca	Provides legal advice to Government	<ul style="list-style-type: none"> • Advice on Legal issues 	PO Box 9044 STN Prov Govt Victoria
DMB	BMO Nesbitt Burns Inc.	Grant Williams – MD, s.22 Grant Williams@BMO.com	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> • Facilitate debt issues 	1 First Canadian Pl. 3 rd floor Podium, Toronto
DMB	CIBC World Markets	Doug Bartlett, MD, s.22 s.22 , doug.bartlett@cibc.ca	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> • Facilitate debt issues 	161 Bay Street, 5 th floor Toronto
DMB	National Bank Financial	Sunil Bhutani, MD, 416 869-8636, sunil.bhutani@hbc.ca	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> • Facilitate debt issues 	130 King Street West, Toronto
DMB	RBC Capital Markets	Alex Caridia, Managing Director, s.22 alex.caridia@rbccm.com	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> • Facilitate debt issues 	130 King Street West, Toronto
DMB	Scotia Capital Markets	Kevin Martin, Director, s.22 s.22 , kevin.martin@scotiabank.com	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> • Facilitate debt issues 	130 King Street West, Toronto

DMB	TD Securities Inc.	Trevor Thom, Director ^{s.22} s.22 trevor.thom@tdsecurities.com	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> Facilitate debt issues 	222 Bay St. 7 th fl. Tower, Toronto
DMB	HSBC Securities	Sean Rosas, Director, ^{s.22} s.22 , Sean.s.rosas.HSBC.ca	Co-Managers in BC's domestic and international syndicates	<ul style="list-style-type: none"> Facilitate debt issues, largely in international Capital Markets 	70 York Street, 8 th Floor, Toronto
Risk Management Branch (RMB)	All BC Government Ministries	N/A	Purchase insurance through the Risk Management Branch Seek indemnity approval	<ul style="list-style-type: none"> Risk Management advice, property and liability insurance, indemnity language 	
RMB	All BC Health Authorities	N/A	Purchase insurance through the Risk Management Branch Seek indemnity approval	<ul style="list-style-type: none"> Risk Management advice, property and liability insurance, indemnity language 	
RMB	All BC School Districts	N/A	Purchase insurance through the Risk Management Branch	<ul style="list-style-type: none"> Risk Management advice, property and liability insurance 	

RMB	All Crown Corporations	N/A	Seek indemnity approval	<ul style="list-style-type: none"> Risk Management advice, property and liability insurance, indemnity language 	
<u>Treasury Board Staff</u>					
TBS, PBO	Ministry of Finance	Athana Mentzelopoulos Deputy Minister Co-chair 250-387-3184 Athana.Mentzelopoulos@gov.bc.ca	DMIIF - Deputy Minister Industry and Infrastructure Forum Created in response to industry calls for a stronger relationship with government. 17 members (8 govt and 9 industry) plus 6 non-voting advisors.	Consult, discuss and share information and ideas related to improving government's infrastructure procurement practices and use of construction-industry resources. Typically meets quarterly with the next meeting in late June or early July 2017.	Room 109-617 Government St Victoria BC V8W 9V1
TBS, PBO	Houle Electric	Ross McLean BCCA Past Board Chair Co-chair 250-544-0099 rmclean@houle.ca	DMIIF		300A – 2261 Keating Cross Rd Victoria BC V8M 2A5
TBS, PBO	STBR Consulting	Terry Brown President 250-979-8260 terrybrown.stbr@hotmail.com	DMIIF		1076 Martin Avenue Kelowna BC V1Y 6V5

TBS, PBO	Smith Bros. & Wilson (BC) Ltd	Clark Cambell Chief Estimator/ Sr. Project Manager 604-619-5624 clark.campbell@sbw.ca	DMIIF		8729 Aisne Street Vancouver BC V6P 3P1
TBS, PBO	Western Pacific Enterprises	Ron Fettback Vice President, Operations 604-540-1321 ron@wpe.bc.ca	DMIIF		1321 Ketch Court Coquitlam BC V3K 6X7
TBS, PBO	Architectural Institute of BC	Joan Hendriks Director of Registration & Licensing 604-683-8588 ext 323 jhendriks@aibc.ca	DMIIF		#100 – 440 Cambie Street Vancouver BC V6B 2N5
TBS, PBO	Equity Plumbing & Heating Ltd.	Brad Popoff President 250-563-1191 brad@equityplumbing.ca	DMIIF		881 4th Avenue Prince George BC V2L 3H5
TBS, PBO	Association of Professional Engineers and Geoscientists of BC	Harshan Radhakrishan Practice Advisor 604-412-6054 hrad@apeg.bc.ca	DMIIF		200-4010 Regent Street, Burnaby BC V5C 6N2
TBS, PBO	Stratice Consulting Inc.	Tim Stanley President Vice Chair, ACEC-BC 604-812-1102 tim.stanley@stratice.ca	DMIIF		8657 Seascapes Drive West Vancouver BC V7W 3J7

TBS, PBO	Scansa Construction Ltd	Pete White Business Development/ Chief Estimator 250-478-5222 ext 234 pwhite@scansa.ca	DMIIF		203-3179 Jacklin Road Victoria BC V9B 3Y7
TBS, PBO	Ministry of Technology, Innovation and Citizens' Services	Sarf Ahmed Associate Deputy Minister 250-387-0315 Sarf.Ahmed@gov.bc.ca	DMIIF		2nd Floor - 525 Superior St Victoria BC V8V 1T7
TBS, PBO	Ministry of Jobs, Tourism and Skills Training	Shannon Baskerville Deputy Minister 250- 952-0103 Shannon.Baskerville@gov.bc.ca	DMIIF		1810 Blanshard Street Victoria BC V8W 9T2
TBS, PBO	Ministry of Education	Dave Byng Deputy Minister 250-387-2026 Dave.Byng@gov.bc.ca	DMIIF		5 th Floor - 620 Superior St Victoria BC V8W 9H3
TBS, PBO	Ministry of Advanced Education	Sandra Carroll Deputy Minister 250-356-1234 Sandra.Carroll@gov.bc.ca	DMIIF		3rd Floor - 835 Humboldt St Victoria BC V8W 9T6
TBS, PBO	Ministry of Health	Sabine Feulgen Associate Deputy Minister 250-952-1764 Sabine.Feulgen@gov.bc.ca	DMIIF		5-3 – 1515 Blanshard St Victoria BC V8W 3C8

TBS, PBO	Ministry of Finance	David Galbraith Assistant Deputy Minister 250-356-5427 David.Galbraith@gov.bc.ca	DMIIF		Room 104-617 Government St Victoria BC V8W 9V1
TBS, PBO	Ministry of Transportation and Infrastructure	Grant Main Deputy Minister 250-387-3280 Grant.Main@gov.bc.ca	DMIIF		5B-940 Blanshard Street Victoria BC V8W 3E6
TBS, PBO	BC Construction Association	Chris Atchison President 250-475-1077 chris.atchison@bccasn.com	DMIIF		401 – 655 Tyee Road Victoria BC V9A 6X5
TBS, PBO	BC Hydro	Linda Beardsell Director, Infrastructure Projects Procurement 604-528-2865 Linda.Beardsell@bchydro.com	DMIIF		6911 Southpoint Drive, A01 Floor Burnaby BC V3N 4X8
TBS, PBO	Partnerships BC	Amanda Farrell President & CEO 604-806-4161 Amanda.Farrell@partnershipsbc.ca	DMIIF		2320 - 1111 West Georgia St Vancouver BC V6E 4M3
TBS, PBO	Independent Contractors and Businesses Association of BC	Chris Gardner President 604-298-7795 chris@icba.ca	DMIIF		211 – 3823 Henning Drive Burnaby BC V5C 6P3

TBS, PBO	Association of Consulting Engineering Companies of BC	Keith Sashaw President & CEO 604-687-2811 keith@acec-bc.ca	DMIIF		1258 - 409 Granville Street Vancouver BC V6C 1T2
TBS, EFA	Bank of Montreal	Doug Porter Chief Economist (416) 359-4887 Douglas.Porter@bmo.com	Economic Forecast Council (EFA) consists of at least 10 members (external to government), appointed by order of the minister for their knowledge of the BC economy and expertise in economic analysis and forecasting.	Requirement of the Budget Transparency and Accountability Act.	100 King Street West, 3rd Floor Toronto ON M5X 1H3
TBS, EFA	BC Real Estate Association	Cameron Muir Chief Economist (604) 742-2780 cmuir@bcrea.bc.ca	EFA		1420-701 Georgia Street W - Pacific Centre Vancouver BC V7Y 1C6
TBS, EFA	Business Council of BC	Ken Peacock Chief Economist(604) 684-3384 Ken.Peacock@bccbc.com	EFA		Suite 810 - 1050 West Pender Street Vancouver BC V6E 3S7

TBS, EFA	Central 1 Credit Union	Helmut Pastrick Chief Economist(604) 737-5026 Hpastrick@central1.com	EFA		1441 Creekside Drive Vancouver BC V6J 4S7
TBS, EFA	CIBC	Avery Shenfeld Chief Economist(416) 594-7356 Avery.Shenfeld@cibc.ca	EFA		161 Bay St, 4th Floor Toronto ON M5J 2S8
TBS, EFA	Conference Board	Marie-Christine Bernard Associate Director Provincial Forecast(613) 526-3090 ext. 415 bernard@conferenceboard.ca	EFA		255 Smyth Road Ottawa ON K1H 8M7
TBS, EFA	IHS Markit	Arlene Kish Senior Principal Economist(416) 682-7315 Arlene.Kish@ihs.com	EFA		Suite 900 - 3280 Bloor Street West, Centre Tower Toronto ON MX8 2X3
TBS, EFA	Laurentian Bank Securities	Sébastien Lavoie Chief Economist(514) 350-2931 lavoies@vmbi.ca	EFA		1981 McGill College Avenue Montreal QC H3A 3K3
TBS, EFA	National Bank	Stéfane Marion Chief Economist(514) 879-3781 stefane.marion@bnc.ca	EFA		1155 Metcalfe, 5th Floor Montreal QC H3B 4S9

TBS, EFA	RBC	Craig Wright Chief Economist(416) 974-7457 Craig.Wright@rbc.com	EFA		200 Bay Street, 9 th Floor South Tower Royal Bank Plaza Toronto ON M5J 2J5
TBS, EFA	Scotiabank	Jean-François Perrault Chief Economist(416) 866-6136 Jean-Francois.Perrault@scotiabank.com	EFA		Scotia Plaza 40 King Street West, 63rd Floor Toronto ON M5H 1H1
TBS, EFA	Stokes Economic Consulting	Ernie Stokes President(905) 878-8292 estokes@c4se.com	EFA		Unit #221 - 336 Bronte Street South Milton ON L9T 7W6
TBS, EFA	TD	Derek Burleton Deputy Chief Economist(416) 982-2514 Derek.burleton@td.com	EFA		66 Wellington Street West - 20th Floor TD Bank Tower Toronto ON M5K 1A2

Office of the Comptroller General					
OCG	Office of the Auditor General	<p>Carol Bellringer Auditor General CBellringer@bcauditor.com</p> <p>Russ Jones Deputy Auditor General RJONES@bcauditor.com</p> <p>Tel: (250) 419-6100</p>	A non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly.	<ul style="list-style-type: none"> Managing the audit relationship OCG supports ministries engaged in financial and performance audits subject to the OAG Audit of the Summary Financial Statements 	623 Fort St, Victoria, BC V8W 3V2
OCG	Chartered Professional Accountants of British Columbia	<p>Chartered Professional Accountants of British Columbia</p> <p>Tel: (604) 872-7222 Toll Free: 800-663-2677</p> <p>Website: www.bccpa.ca</p>	<p>Staff with CPA membership can access resources offered by CPA BC.</p> <p>Establishes the professional code of ethics along with CPA Canada</p>	<ul style="list-style-type: none"> Professional Development Independent Professional Ethics Standard 	800-555 West Hastings Street, Vancouver BC V6B 4N6
OCG	Accounting Policy Advisory Committee	<p>Carl Fischer / Diane Lianga</p> <p>Office of the Comptroller General</p> <p>Tel: 250-387-6692</p> <p>Comptroller.General@gov.bc.ca</p>	The committee was established under the Budget Transparency and Accountability Act.	<ul style="list-style-type: none"> The Accounting Policy Advisory Committee advises Treasury Board as to the application and implementation of generally accepted accounting principles for the government reporting entity. 	617 Government St. Victoria BC V8W 9V1

OCG	Canadian Council of Comptrollers	Kelly Barr Secretariat of the Canadian Council of Comptrollers Tel: (613)716-6412 Kelly.barr@tbs-sct.gc.ca	The secretariat provides central co-ordination functions for the Comptrollers' General across all provinces and territories.	<ul style="list-style-type: none"> • Cross jurisdictional comparison and analysis • Accounting standards implementation issues 	7 Queen's Park Crescent 2 nd Floor, Frost Building South Toronto, ON M7A 1Y7
OCG	Public Sector Accounting Board	Michael Puskaric Director, Public Sector Accounting Tel: (416) 204.3451 mpuskaric@cpacanada.ca	The Public Sector Accounting Board (PSAB) was created to serve the public interest by establishing <u>accounting standards for the public sector</u> .	<ul style="list-style-type: none"> • Proposed accounting standards are released for comment • PSAB approves new sections of the Public Sector Accounting Standards Handbook 	277 Wellington Street West Toronto, ON M5V 3H2
<u>Crown Agencies Resource Office</u>					
CARO	Board Resourcing and Development Office	Natalya Brodie Director 604-775-1683 natalya.brodie@gov.bc.ca	Responsible for: <ul style="list-style-type: none"> • Providing information about public sector organizations, the people who are appointed to serve on them and the appointment process. 	Provide input into: <ul style="list-style-type: none"> • Guidelines for appointments to public sector organizations. • Best practices guidelines for public service organizations. 	Suite 730 999 Canada Place Vancouver, BC V6C 3E1

CARO	Public Sector Employers' Council	Christina Zacharuk CEO and President 250-387-0842 christina.zacharuk@gov.bc.ca	Responsible for: <ul style="list-style-type: none"> Providing strategic direction for human resource management and labour relations in public sector organizations. 	Provide input into: <ul style="list-style-type: none"> Guidelines for public sector appointee and executive compensation. Policies relating to human resources and labour relations. 	PO BOX 9400 STN PROV GOVT Victoria BC V8W 9V1
CARO	Ministries responsible for crown agencies	Appropriate Deputy Minister responsible for crown	Responsible for: <ul style="list-style-type: none"> Crown agencies 	Provide input into: <ul style="list-style-type: none"> Mandate letter process Service plan process Annual service plan report process <i>Budget Transparency and Accountability Act</i> exemption process 	As per ministry contact information
<u>Gaming Policy Enforcement Branch</u>					
GPEB	Great Canadian Gaming Corporation	Rod Baker Rbaker@gcgaming.com	Horse Racing Track operator (Hastings & Fraser Downs)	<ul style="list-style-type: none"> Horse racing race dates Horse racing track condition 	
GPEB	Gateway Casinos and Entertainment	Tony Santo Chief Executive Office tsanto@gatewaycasinos.com	Gambling Service Provider	<ul style="list-style-type: none"> Casino operations Service provider commissions 	

GPEB	Canadian Thoroughbred Horse Society	Grant Watson, President s.22 watson.bay.stables@shaw.ca Bette-Jean (BJ) Davidson, General Manager 604-534-0145	Promotes & protects horse breeders. Sponsors, assists & conducts sales of thoroughbred horses.	<ul style="list-style-type: none"> • Rule Changes • Horse racing race dates 	17687 – 56A Avenue, Surrey, BC V3S 1G4
GPEB	Horsemen's Benevolent & Protective Association (HBPA)	David Milburn, President 604-647-2211 davidmilburn@hotmail.com	Protects interest of horsemen	<ul style="list-style-type: none"> • Horse racing rule changes • Horse racing race dates 	25225 40 th Avenue, Aldergrove, BC, V4W 1X2
GPEB	Standardbred Canada	Dan Gall, President 905-858-3060	Official registry & record keeping body for Canadian Standardbred industry	<ul style="list-style-type: none"> • Record keeping 	2150 Meadowvale Boulevard, Mississauga, ON L5N 6R6
GPEB	Canadian Pari-Mutuel Agency (CPMA)	Steve Suttie, Executive Director 613-759-6448	Supervises pari-mutuel betting	<ul style="list-style-type: none"> • Drug testing (horses) • Betting regulations 	
GPEB	BC Thoroughbred Owners & Breeders Association (TOBA)	Ole Nielsen, Director 604-534-0145	Acts as voice for thoroughbred owners and breeders	<ul style="list-style-type: none"> • Horse racing rule changes • Horse racing race dates 	#7 – 5492 Production Boulevard, Surrey, BC

GPEB	Horse Racing Industry Management Committee (HRIMC)	Jim Lightbody, Chairman	<ul style="list-style-type: none"> • Aims to revitalize horse racing in BC • Committee memberships include Thoroughbred Owner & Breeders Association, Great Canadian Gaming Corporation (as track operator), Horse Racing BC, and the British Columbia Lottery Corporation 	<ul style="list-style-type: none"> • Manage horse racing industry • Distributes share of slot machine revenues to Thoroughbred Owner & Breeders Association and Horse Racing BC. 	
GPEB	Harness Racing BC (HRBC)	Donna Strachan, President 604-574-5558 info@harnessracingbc.com	Represents harness horsemen (owners, trainers & drivers)	<ul style="list-style-type: none"> • Horse racing race dates • Horse racing rule changes 	17740 – 62 Avenue, Surrey, BC V3S 3S5
GPEB	The Betting Company - Teletheatre BC	Bill McNeil, General Manager, 604-574-6900	Operates 22 Racebook off-track wagering sites	<ul style="list-style-type: none"> • Off track betting and viewing 	#220 – 17667 65A Avenue, Surrey, BC, V3S 1Z8

GPEB	BC Association for Charitable Gaming	David Sheach, Executive Director, 604-568-8649	Represents charities and non-profit organizations in BC	<ul style="list-style-type: none"> Gambling event licences 	18701 66 Avenue Surrey, B.C., V3S 4P3 1-888-672-2224 1-604-568-8649
GPEB	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	Murray Dugger Regional Director Western Region (604) 666-8245 Murray.dugger@fintrac-canafe.gc.ca	Canada's financial intelligence unit to facilitate the detection, prevention, and deterrence of money laundering and financing of terrorist activities.	<ul style="list-style-type: none"> Discussions on Gambling Industry guidelines and reports Anti-money laundering Proceeds of crime 	
GPEB	BC Gaming Industry Association (BCGIA)	Peter Goudron Executive Director 604-862-3158	Provide strategic leadership for 14 BC Gaming operators.	<ul style="list-style-type: none"> Service Provider Commissions 	
<u>Revenue Division</u>					
Receivables Management Office (RMO)	Council of Forest Industries	Michael Armstrong Vice President, Policy and Operations 604-891-1212 armstrong@cofi.org	Voice of the B.C. interior forest industry.	<ul style="list-style-type: none"> Various issues that arise with industry. 	1501–700 W. Pender St., Vancouver BC V6C 1G8

RMO	Timber Sales Advisory Council	Andrea Dixon 250-387-1236 Andrea.Dixon@gov.bc.ca	Forum for stakeholder and BC Timber Sales representatives to consider issues and topics of interest to clients and customers.	<ul style="list-style-type: none"> Timber sales 	PO Box 9507 Stn Prov Gov Victoria BC V8W 9C2
RMO	Truck Loggers Association	Michael Armstrong Vice President, Policy and Operations 604-891-1212 armstrong@cofi.org	Represents independent harvesting contractors, independent sawmills, small tenure holders and industry.	<ul style="list-style-type: none"> Account reconciliation Timing issues 	1501–700 W. Pender St., Vancouver BC V6C 1G8
Income Taxation Branch (ITB)	Canada Revenue Agency	Yves Giroux Assistant Commissioner Strategy and Integration Branch 613-952-3660 yves.giroux@cra-arc.gc.ca	Canada Revenue Agency HQ key point of contact	<ul style="list-style-type: none"> Service Level Agreements, Information Sharing MOUs, and TCA 	555 MacKenzie Avenue Ottawa ON K1A 0L5
ITB	Canada Revenue Agency	Maureen Phelan Assistant Commissioner Pacific Region 604 666-0456 Maureen.Phelan@cra-arc.gc.ca	Regional Assistant Commissioner - Stakeholder Relations	<ul style="list-style-type: none"> Stakeholder Relations 	800-1188 c/o 9755 King George Boulevard Surrey BC V3T 5E1

ITB	Canada Revenue Agency	Robert Van Iderstine Pacific Accounts Executive, Client Relations 604 666-8504 Robert.VanIlderstine@cra-arc.gc.ca	Regional key point of contact – operations	<ul style="list-style-type: none"> Information Sharing, Personal and Corporate Income Tax, Benefit & Tax Credit Programs 	800-1188 c/o 9755 King George Boulevard Surrey BC V3T 5E1
ITB	Canada Revenue Agency	Dwayne Horton Manager, Provincial and Territorial Partnerships Section 613 941-6296 Dwayne.Horton@cra-arc.gc.ca	Tax credit and benefit data exchanges. Automated income tax data verification exchanges	<ul style="list-style-type: none"> Benefit and Income Tax Program Compliance 	750 Heron Road Ottawa ON K1A 0L5
ITB	Creative BC	Bob Wong Vice President & Acting Film Commissioner 604 730-2236 bwong@creativebc.com	Film certification information to confirm film tax credit claims	<ul style="list-style-type: none"> Film tax credit compliance 	2225 West Broadway Vancouver BC V6K 2E4
ITB	Industry Training Authority	Michelle McKinnon Manager, Apprenticeship Completions s.22 mmckinnon@itabc.ca	Apprenticeship certification to allow students to claim the Training Tax Credit	<ul style="list-style-type: none"> Training Tax Credit compliance 	800 – 8100 Granville Avenue Richmond BC V6Y 3T6

ITB	AdvantageBC	Colin Hansen President and CEO 604-683-6627 chanson@advantagebc.ca	AdvantageBC International Business Centre is a non-profit society with a mandate to promote international business in British Columbia	<ul style="list-style-type: none"> Condition of registration within the International Business Activity program requires registration with the society 	Suite 3093, Three Bentall Centre 595 Burrard Street PO Box 49067 Vancouver BC V7X 1C4
Property Taxation Branch (PTB)	Land Title and Survey Authority of British Columbia	Al-Karim Kara Vice President, Business Innovation and Chief Information Officer 250-410-0600 Al-Karim.Kara@ltsa.ca	Responsible for administering the land title and survey systems of BC.	<ul style="list-style-type: none"> Collection of the property transfer tax. 	200 - 1321 Blanshard Street Victoria BC
PTB	BC Assessment	John Yannacopoulos Vice President s.22 john.yannacopoulos@bcassessment.ca	Real property assessments for BC.	<ul style="list-style-type: none"> Assessed values are used to determine rural property taxes in BC. 	400 - 3450 Uptown Blvd. Victoria BC
Consumer Taxation Programs Branch (CTPB)	South Coast British Columbia Transportation Authority (TRANSLINK)	Contact Name: Kelly Lownsbrough, Director, Financial Planning and Analysis 778-375-6793 Kelly.Lownsbrough@TransLink.ca		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the South Coast British Columbia transportation service region. 	400 - 287 Nelson's Court New Westminster BC V3L 0E7

CTPB	British Columbia Transit Authority	Contact Name: Megan Hill, MBA Director, Budgeting & Forecasting 250-995-5687 megan_hill@bctransit.com		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the Victoria regional transit service 	PO Box 9861 520 Gorge Road East Victoria, BC V8W 9T5
CTPB	BC Transportation Financing Authority	Contact Name: Jackie Zhu, Manager Financial Operations 250-387-7647 Jackie.Zhu@gov.bc.ca		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the Victoria regional transit service 	300 - 940 Blanshard Street Victoria BC V8W 9R1
CTPB	ICBC	Norman Felix Manager, Vehicle Registration Programs s.22 Norm.Felix@icbc.com	Vehicle registration by Autoplan agents and driver's licence information.	<ul style="list-style-type: none"> Correcting (ICBC) agent misinformation (to the public) regarding PST on vehicle transfers. Information sharing 	217 - 151 W. Esplanade North Vancouver BC V7M 3H9
CTPB	Cowichan Tribes	Kim Dibbs Comptroller 250-748-3196 Kim.Dibb@cowichantribes.com	<ul style="list-style-type: none"> First Nation 	<ul style="list-style-type: none"> Tax Agreement for tobacco. 	5760 Allenby Road Duncan BC V9L 5J1

CTPB	Western Convenience Store Association	Andrew Klukas President, Western Convenience Stores Association 778-987 4440 andrew@conveniencestores.ca	<ul style="list-style-type: none"> Represents the interests of over 7,000 gas and convenience retailers. Conducts contraband tobacco studies. 	<ul style="list-style-type: none"> Contraband tobacco. 	5 – 1146 Pacific Blvd Vancouver BC V6Z 2Z7
Mineral, Oil, and Gas, Revenue (MOGR)	Oil and Gas Commission	Andrew Spence, Executive Director, Strategy & Information Services 250 419-4466 Andrew.Spence@bcogc.ca	Regulates the crude oil, natural gas and pipeline activities in BC.	<ul style="list-style-type: none"> Oil and gas levy program Data collected by the commission is used for administration of crown royalties and freehold taxes. 	300, 398 Harbour Rd, Victoria, BC V9A 0B7
MOGR	Land Titles and Survey Authority (LTSA)	Jeff Beddoes Senior Deputy Surveyor General 250-410-0590 jeff.beddoes@ltsa.ca	LTSA is a publicly accountable, statutory corporation with a unique governance structure responsible for administering the land title and survey systems in BC.	<ul style="list-style-type: none"> MOGR relies on the LTSA's ownership records for the purpose of administering the Mineral Land Tax Act. 	2 nd floor 800 Yates St Victoria, BC V8W 1L8

<u>Office of the Superintendent of Real Estate</u>					
OSRE	All 11 BC Real Estate Boards: <ol style="list-style-type: none"> 1. BC Northern (Prince George) 2. Chilliwack & District 3. Fraser Valley (Surrey) 4. Kamloops & District 5. Kootenay (Nelson) 6. Okanagan Mainline (Kelowna) 7. Powell River-Sunshine Coast 8. Greater Vancouver 9. South Okanagan (Penticton) 10. Vancouver Island (Nanaimo) 11. Victoria 	Board Presidents, CEOs		Pending rule changes to dual agency and double-ending.	
OSRE	Real Estate Council of BC (RECBC)	Erin Seely, Interim President			

OSRE	BC Real Estate Association (BCREA)	Robert Laing, President			
<u>Corporate Information & Records Management</u>					
OIPC	Office of the Information and Privacy Commissioner	Drew McArthur Acting Information and Privacy Commissioner	An independent Officer of the Legislature with a mandate set out under the <i>Freedom of Information and Protection of Privacy Act and Personal Information Protection Act</i> .	<ul style="list-style-type: none"> Updates and communication on key privacy and access to information initiatives and policy and legislation changes 	4th Floor, 947 Fort Street, Victoria, BC V8V 3K3
OAG	Office of the Auditor General	Carol Bellringer Auditor General 250 419-6100 bcauditor@bcauditor.com	An independent Officer of the Legislature with a mandate set out under the <i>Auditor General Act</i> .	<ul style="list-style-type: none"> Updates, communication on key information management initiatives 	PO BOX 9036 STN PROV GOVT Victoria, BC V8W 9A2
BCCLA	BC Civil Liberties Association	Michael Vonn Policy Director 604 630-9753 Michael@bccla.org	A non-partisan charitable society.	<ul style="list-style-type: none"> Privacy and Access rights 	900 Helmcken Street, Vancouver, BC V6Z 1B3
FIPA	BC Freedom of Information and Privacy Association	Vincent Gogolek Executive Director 604 739-9788 Vincent@fipa.bc.ca	A non-partisan, non-profit society.	<ul style="list-style-type: none"> Privacy and Access Rights 	#103- 1093 West Broadway, Vancouver, BC V6H 1E2

CBABC	Canadian Bar Association, BC Branch	Caroline Nevin Executive Director 604 687-3404 cba@cbabc.org	The Association represents lawyers, judges, law teachers and law students.	<ul style="list-style-type: none"> Privacy and Access Rights 	10th Floor, 845 Cambie Street, Vancouver, BC V6B 5T3
UVIC-ELC	Environmental Law Centre – University of Victoria	Deborah Curran A/Executive Director dlc@uvic.ca	The ELC is a non-profit society that operates clinical public interest environmental law program in partnership with the UVic Law.	<ul style="list-style-type: none"> Access rights and public interest disclosures 	University of Victoria, P.O. Box 1700 STN CSC, Victoria, BC, V8W 2Y2
RBCM	Royal BC Museum	Jack Lohman CEO Angela Williams Chief Operating Officer & Deputy CEO 250 213-8007 AWilliams@royalbcmuseum.bc.ca	The museum archives of government. Under IMA, the CRO may transfer non-digital government records to this entity. MOU also in place to Mar 31, 2020. A government body designated under the <i>Information Management Act</i> , and public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> .	<ul style="list-style-type: none"> Changes in legislation, records management process and policies Any programs or initiatives related to the permanent preservation of government records (e.g. Digital Archives) 	675 Belleville St. Victoria, BC V8W 9W2

	Government Bodies	Various	A government body designated under the <i>Information Management Act</i> , and public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> .	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Government Agencies (not covered by IMA)	Various	A public body designated under the <i>Freedom of Information and Protection of Privacy Act</i> , that is not designated a government body under the <i>Information Management Act</i> .	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Educational Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: universities, colleges, school districts, etc.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	
	Health Bodies	Various	A subset of public bodies defined under the <i>Freedom</i>	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access 	Various

			<i>of Information and Protection of Privacy Act</i> , includes: health authorities, Provincial Health Services Authority.	or privacy.	
	Local Government Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: municipalities, regional districts, etc.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Law Enforcement Bodies	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: municipal police boards.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	Governing Bodies Regulating Professions or Occupations	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: College of Physicians and Surgeon, College of	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	

			Nurses, etc.		
	Remaining public bodies as defined in Schedule 2 of FOIPPA	Various	A subset of public bodies defined under the <i>Freedom of Information and Protection of Privacy Act</i> , includes: BC Coroners Service; BC Arts Council; BC Utilities Commission.	<ul style="list-style-type: none"> Changes in legislation, policies, or guidance on records management, access or privacy. 	Various
	PIPA Organizations	Various	Organizations (including non-profits, associations and private businesses) that operate in BC, and are not federally regulated.	<ul style="list-style-type: none"> Private sector privacy legislation 	Various

ISSUE NOTE

Issue:

- Office of the Auditor General (OAG) Site C Examination Progress and Broader Engagement

Background:

- This matter first appeared in OAG's July 2015 Performance Audit Coverage Plan and described as "Whether BC Hydro's recommendation and government's decision to build Site C was supported by sufficient information and analysis to demonstrate that it would meet government's economic, social and environmental goals."

s.13

s.12,s.13

Page 079

Withheld pursuant to/removed as

s.12;s.14;s.13

ISSUE NOTE

Issue:

s.13

ISSUE NOTE

Issue:

- Approval of housing investments program oversight and fairness advisor functions.

Background:

- *Budget 2016* committed \$355M over five years for BC Housing to support new construction of more than 2,000 affordable rental housing units. Last fall, the government committed a further \$500M to create more than 2,900 additional affordable rental units in partnership with non-profit societies, local governments, agencies, community organizations and the private sector. Leading up to *Budget 2017*, government also announced a further \$65M investment over 2016/17 and 2017/18, to create 380 more housing units for people with mental health and substance use challenges. Taken together provincial investments in affordable and supportive housing total \$920M and are estimated to create an estimated 5,280 housing units.

s.12,s.13

ISSUE NOTE

Issue:

- Approval of eligibility and Implementation criteria for provincial/local government housing development incentive program.

s.13

RELEASE OF ASSETS FOR ECONOMIC GENERATION (RAEG) PROGRAM

Real Property Division

Lead Executive

Sarf Ahmed, Associate Deputy Minister

Background

The Province has periodically sold crown land properties since the 1980s. A Crown Land Opportunities sales program has been in operation for many years through the Ministry of Forests, Land and Natural Resources (FLNRO) and its predecessor ministries. Similarly, the Ministry of Transportation and Infrastructure has been selling surplus land acquired for highway developments through the BC Transportation Finance Authority (BCTFA). Other ministries such as the Ministry of Technology, Innovation and Citizens' Services (MTICS) (formerly BC Buildings Corporation) have the authority to sell land under the Public Agency Accommodation Act and disposed of surplus properties for decades as part of maintaining a responsible approach to portfolio lifecycle management.

In 2012, the Ministry of Finance decided to have a coordinated approach across the BC Government for sale of surplus assets, bringing together the sales activities of various ministries and BC Public Sector, through a centralized project management initiative administered by MTICS. This was initially launched as a two year initiative to sell surplus assets in 2013/14 and 2014/15 and has since evolved into an ongoing program for the comprehensive management of surplus assets. The Minister of Finance is the minister accountable for this program. MTICS was asked to manage the program on behalf of the Ministry of Finance as it has the real estate expertise to oversee it.

Several ministries including MTICS, government agencies and Crowns offer the sale of real estate assets as part of their typical business practices. The program's mandate is to oversee the release of these crown land opportunities or assets, thereby generating revenue, economic activity, jobs and other benefits in communities throughout BC.

The following ministries with crown land properties are part of this initiative:

- Ministry of Health (includes health authorities) (MOH)
- Ministry of Education (includes school boards) (MED)
- Ministry of Advanced Education (includes universities, colleges and institutions) (AVED)
- Ministry of Forests, Lands and Natural Resources Operations (FLNRO)
- Ministry of Transportation and Infrastructure (MOTI)
- Ministry of Technology, Innovation and Citizens' Services (MTICS)

Crown corporations subject to a regulator for rate setting, such as BC Hydro and ICBC, are not part of this program.

Proceeds of sales by the SUCH sector (Schools, Universities, Colleges, and Health Authorities) are retained by these entities for re-investment to upgrade their facilities. For example, the new Belmont School in Langford was partly funded through sale of the old school. The Pearson Dogwood redevelopment project in Vancouver is partly funded by proceeds from the sale of the old hospital. Proceeds of sales by government ministries go to Ministry of Finance.

MTICS' role is to provide project management through its Real Property Division. This includes assisting ministries with the identification of crown land opportunity properties, coordination with other ministries/organizations that are part of the program, conducting due diligence prior to sale of a property, conducting the sale, maximizing the return to government and reporting to the Ministry of Finance. Due diligence includes: ensuring that environmental assessment has been completed where required; conducting appropriate consultation with First Nations (often culminating in the negotiation of an economic benefits agreement with First Nations); ensuring the property has a recent market appraisal; undertaking appropriate consultations with municipalities and other stakeholders; and developing a marketing plan for the property.

MTICS undertakes its project management role through a combination of its own staff and external consultants. Organizations with real estate expertise (such as health authorities, MOTI and FLNRO) undertake these tasks for their own properties and provide regular reports to MTICS.

Decisions regarding adding or removing a crown property to or from the approved inventory for sale are made by the Minister of Finance. The Deputy Minister of Finance can approve addition of surplus properties valued at less than \$10 million.

s.13,s.17

Current Context

As part of Budget 2012, the Province undertook a targeted review of its major asset base to identify those properties that were surplus to its needs or created a business opportunity that could raise revenue for the crown. The results of this initiative saw a number of crown properties and assets identified and released for sale to other levels of government including First Nations, community organizations, and the private sector. As a matter of practice, before making properties available on the open market, the Province has offered First Nations and local governments the opportunity to purchase the property for appraised value. Many of these sales have enabled significant economic development opportunities, as well as the delivery of key community priorities.

Since fiscal 2013/14 the program has generated \$854 million of direct revenue for the Province (\$311 million FY 2013/14; \$125 million FY 2014/15; \$358 million FY2015/16 and \$60 million (unaudited) in FY2016/17), and supported new economic activity including development and new business opportunities in communities around British Columbia.

BC Stats has estimated the total economic impact (includes redevelopment, indirect & induced) of the sale of Dogwood Pearson to be approximately \$3.104 billion. In addition, there are other benefits such as the extension of public transportation.

The fiscal plan released as part of *Budget 2017* forecasts net gains from sales of crown land properties of \$344 million (FY 17/18 - \$119 million; FY18/19 - \$201 million; and FY 19/20 - \$24 million).

The Office of the Auditor General is currently undertaking an audit of this program with the final report to be issued in June/July 2017. Preliminary findings shared with the staff indicate that the program met its objectives with certain exceptions.

s.12

Major Activities in 2017/18

s.12,s.13

Key Decisions in 2017/18

s.12,s.13

EXECUTIVE MEMBER BIOGRAPHY

Doug Foster, Assistant Deputy Minister, Strategic Initiatives



Employment History

- Employed with the BC public service for several years, most of which have been with the Ministry of Finance in various senior and executive positions.
 - Finance DMO – ADM – Strategic Initiatives – July 2012 to present
 - Finance DMO – Exec. Director – Strategic Initiatives – 2004 – 2012
 - Finance TBS – Exec. Director – Performance Budgeting Office – 2000 – 2004
 - Finance TBS – Various other senior TB analyst positions, including Chief, Revenue and Fiscal Forecasting – 1985 – 2000; Other provincial ministries – junior and senior positions – 1975 – 1985

Major Current Roles/ Accountabilities

- The position is directly accountable to the Deputy Minister. However, the position may also have indirect accountabilities to the Minister, the Office of the Premier, and ministers and executives in other ministries and Crown agencies as directed by the Deputy Minister.
- The position acts as a standalone resource, part of a team or organizes and leads special-purpose teams to provide analytical response to emerging major proposals, projects and initiatives with consideration of the fiscal priorities of government:
 - Resolving complex financial and business problems and structure frameworks, options and strategies to help ensure government remains within stated fiscal targets and other strategic objectives;
 - Engaging directly with executives across the public sector, other governments and the private sector through consultation, advice and negotiation as appropriate;
 - Working closely with executives and staff across the Ministry and in other ministries, central agencies (including Legal Services Branch) and Crown agencies;
 - Providing coaching and mentorship to senior staff across the public sector to help advance critical financial and business analytical and problem-solving capacity;
 - Directly impacts initiatives such as natural resource/other sector strategies; major investments in BC; major project fiscal management; public sector collective bargaining strategies; public sector budget management; organizational restructuring and program reviews; and improving performance measurement, risk management and accountabilities within various contractual arrangements;
 - Acting as a member of the Ministry executive and contributing to Ministry planning and corporate decision-making.

Education

- Certified Public Accountant - CGA; B. Commerce/Economics – UVic
- Contract law and corporate administration; project/risk management – UVic/UBC
Finance DMO – March 2017

EXECUTIVE MEMBER BIOGRAPHY

Athana Mentzelopoulos, Deputy Minister of Finance & Secretary to Treasury Board



Athana Mentzelopoulos has worked for the federal and provincial governments in senior roles including Fisheries Policy, Environmental Policy and Protection, Consumer Product Safety, Intergovernmental Relations, and Communications.

Athana was first appointed as a Deputy Minister in British Columbia in April 2004, thereafter holding posts in Intergovernmental Relations, Public Affairs, and Board Resourcing and Development. More recently, she has been a Deputy Minister of Strategic Priorities in the Premier's Office, and Deputy Minister for Government Communications and Public Engagement, Intergovernmental Relations and for the Board Resourcing Development Office.

In July 2014, Athana assumed responsibilities as Deputy Minister for Jobs, Tourism and Skills Training and Ministry responsible for Labour. In this capacity, her responsibilities included the BC Jobs Plan, immigration and the provincial nominee program, skills training funding and policy, tourism policy and funding, and the major investments office. She retained responsibilities for Intergovernmental Relations and the Board Resourcing and Development Office.

Athana was appointed Deputy Minister of Finance and Secretary to Treasury Board effective March 25, 2016.

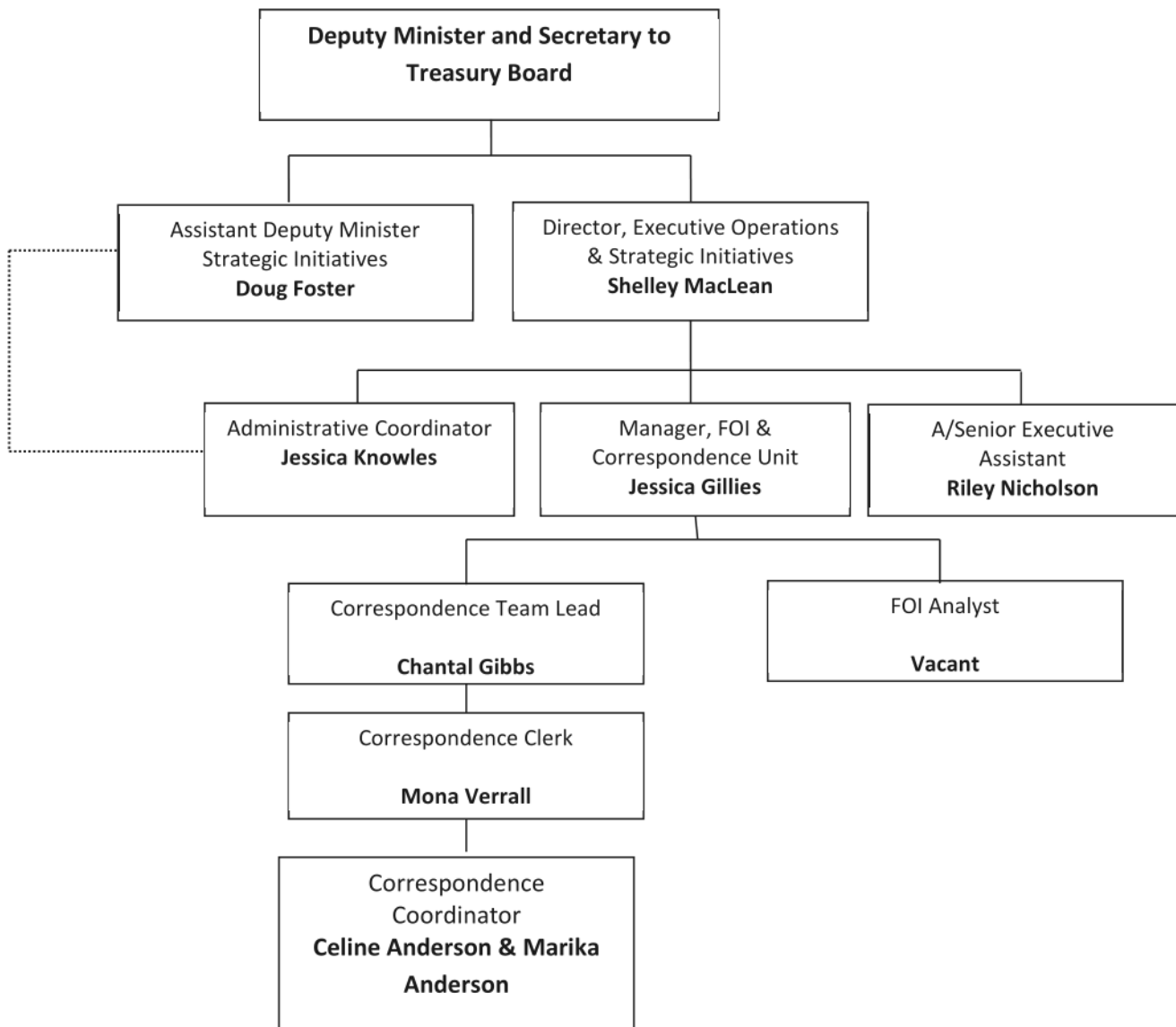
Athana holds a Bachelor of Arts Honours from Carleton University in Ottawa and a Master of Arts from the University of Victoria. At UVic, she completed her studies in the interdisciplinary program Contemporary Social and Political Thought, where the focus of her studies was professional ethics.

DEPUTY MINISTER'S OFFICE

DM Responsible: Athana Mentzelopoulos

Budget: \$923,000

Full Time Equivalents (FTEs): 10



Ministry of Finance – Office of the Superintendent of Real Estate (OSRE)

Key Stakeholders

Branch	Organization	Contact	Key Issues
External	All 11 BC Real Estate Boards: 1. BC Northern (Prince George) 2. Chilliwack & District 3. Fraser Valley (Surrey) 4. Kamloops & District 5. Kootenay (Nelson) 6. Okanagan Mainline (Kelowna) 7. Powell River-Sunshine Coast 8. Greater Vancouver 9. South Okanagan (Penticton) 10. Vancouver Island (Nanaimo) 11. Victoria	Board Presidents, CEOs	Pending rule changes to dual agency and double-ending.
External	Real Estate Council of BC (RECBC)	Erin Seely, Interim President	
External	BC Real Estate Association (BCREA)	Robert Laing, President	

BRIEFING NOTE
CROWN AGENCIES

Name:

Accounting Policy Advisory Committee

Legislative Authority:

Budget Transparency and Accountability Act

Mandate:

The Accounting Policy Advisory Committee advises Treasury Board as to the application and implementation of generally accepted accounting principles for the government reporting entity.

Current Appointees:

- Gordon Chan
- Mary Lynn McKenna
- John J. Nagy
- James Crawford
- Ernest S. Daykin

Appointments required:

- All appointments expire on December 31, 2017.

Issue(s):

- No Issues

Key Contact:

Name: Carl Fischer
Title: A/Comptroller General
Phone: (250) 387-6692

BRIEFING NOTE
CROWN AGENCIES

Name: Insurance Council of British Columbia (Council)

Legislative Authority: *Financial Institutions Act* (Act)

Mandate:

Council's mandate is to provide protection to the public regarding the sale of insurance products and services under the framework provided by the Act. The following provides an overview of Council's role.

Education and Experience: Council has a responsibility to ensure education requirements for licensing meet the minimum standards necessary to protect the public

Licensing: All applicants must satisfy Council they are suitable for licensing by demonstrating they are competent, trustworthy, financially reliable, and intend to carry on the business of insurance in good faith and in accordance with the usual practice.

Discipline: Council has the authority to discipline licensees when there has been a breach of the Act or Rules. Council does not have exclusive jurisdiction over licensees. Some matters, such as unlicensed activity, rebating, and tied selling, are the primary responsibilities of the Financial Institutions Commission (FICOM). Council refers complaints about licensees that fall within FICOM's jurisdiction to FICOM.

Rule-making: Council has authority under the Act to make legally-binding Rules regulating the conduct of insurance agents, salespersons and adjusters

Voting and non-voting members: The Council consists of up to 11 voting members appointed by the Lieutenant Governor in Council and an unlimited number of non-voting members appointed by the Minister of Finance. Voting members attend monthly Council meetings, where issues relating to licensing applications, investigation reports, policy issues and administrative matters are considered.

Non-voting members assist Council in a number of ways, including being called upon to substitute for a voting member at a Council meeting and acting on various committees. Non-voting members also assist Council staff on investigations and licence application reviews.

Currently, there are 10 voting members and 20 non-voting members.

Current Appointees:

Voting members

Darren Lee	Michael B. Connors	Vince Muto
Izumi Miki McGruer	Darlene Kruesel Hyde	Lesley H. Maddison
Ken Kukkonen	Dr. Eric Yung (Chair)	Karl J. Krokosinski
Stephen (Tony) Hayes		

Non-voting members

Frank Macklestone	Christopher (John) J. Crisp	Linda W. Lee
Frank Leong	Ellen Nanette Bennett	Brett A. Simpson
Brad Brain	Gary P. Barker	David Russell
Chamkaur S. Cheema	Robert A. Scott	Diane M. Dupuis
Terence R. Ray	Keevin Warren Loucks	William S. Bennett
Garth G. Young	Calvin Q. Joe	John Van Tasse
Jason M. Baughen	Nicole I. Federucci	

Appointments required:

- **90 day** - 1 Voting Member - Dr. Eric Yung (Chair) expires July 25, 2017.

Issue(s):

- No issues identified.

Key Contact:

Dr. Eric Yung
Chairperson of Insurance Council of BC
604-688-0321

BRIEFING NOTE
CROWN AGENCIES

Name: Real Estate Council of British Columbia

Legislative Authority: *Real Estate Services Act*

Mandate:

The Real Estate Council (Council) is the regulatory agency responsible for the education, licensing and discipline of more than 23,000 persons providing real estate services (i.e. rental property, strata management and trading services). The objects of the Council are to:

- administer, subject to the oversight and direction of the Superintendent of Real Estate, the *Real Estate Services Act* and the regulations, rules and bylaws,
- maintain and advance the knowledge, skill and competency of its licensees, and
- uphold and protect the public interest in relation to the conduct and integrity of its licensees.

The following provides an overview of the Council's role.

Licensing: All applicants must satisfy the Council they are suitable for licensing by demonstrating that they meet all qualifications for licensing as defined in the legislation, including educational and experience requirements and requirements for good reputation and suitability.

Discipline: The Council has the authority to conduct investigations into licensee conduct and may conduct investigations on its own initiative or on receipt of a complaint, and may discipline licensees where misconduct has occurred. Discipline may include: suspension or cancellation of licence, restrictions on licence, the requirement for remedial education, monetary penalties, and the recovery of enforcement expenses. The Superintendent of Real Estate also has authority to conduct investigations where a licensee has acted in a way that is seriously detrimental to the public interest and may also direct the Council to investigate particular matters where necessary.

The Council consists of 16 members who are appointed by Lieutenant Governor in Council. Currently, there are 12 members.

Current Appointees:

Robert D. Holmes - (Chair)	Robert Gialloreto – (Vice-Chair)	Elana Valerie Mignosa
Sandra Lynn Heath	John Lawrence Daly	William Thomas Styffe
Maili Wong	Sukhmander S. Sidhu	Lenard Walter Hrycan
Gerald Lawrence Martin	Laurie Marie Sterritt	Kevin Peter Lonsdale

Appointments required:

- There are currently 4 vacancies

Issue(s):

s.13

Key Contacts:

Erin Seeley
Acting Executive Director
604.683.9664

Robert Holmes
Chairperson of Real Estate Council
604.683.9664

STAKEHOLDER CONTACTS

Jerymy Brownridge
Private Secretary to the Lieutenant Governor
and Executive Director of Government House
Government House
1401 Rockland Ave
Victoria BC V8S 1V9

Telephone: 250 387-2083
Mobile: 250 888-1456
Facsimile: 250 387-2078

Heidi Elliott
Director
Programmes, Events and Outreach
Office of the Lieutenant Governor
Government House
1401 Rockland Ave
Victoria BC V8S 1V9

Telephone: 250 356-0925
Mobile: 250 213-1384
Facsimile: 250 387-2077

Thandi Williams
Director
Operations and Management Services
and Deputy Private Secretary
Office of the Lieutenant Governor
Government House
1401 Rockland Ave
Victoria BC V8S 1V9

Telephone: 250 387-2087
Mobile: 250 896-3479
Facsimile: 250 387-2077

Chantelle Fortin
Executive Administrative Assistant
to the Lieutenant Governor
and Private Secretary
Office of the Lieutenant Governor
Government House
1401 Rockland Ave
Victoria BC V8S 1V9

Telephone: 250 387-2081
Facsimile: 250 387-2078

EXECUTIVE MEMBER BIOGRAPHY

**Jerymy Brownridge, Private Secretary to the Lieutenant Governor & Executive Director,
Government House**



Mr. Jerymy Brownridge was appointed Private Secretary to the Lieutenant Governor and Executive Director of Government House in December of 2015. Prior to this, Mr. Brownridge was the Director of Operations and Management Services and Deputy Private Secretary at Government House. He has the honour of having served two lieutenant governors—the Honourable Steven Point and the Honourable Judith Guichon.

Before coming to Government House, he worked for the United Kingdom's Foreign and Commonwealth Office at the British Embassy in Beijing. His career began in international finance, largely in investment and infrastructure development with a China and broader Asia focus.

Mr. Brownridge speaks fluent Mandarin and has a Bachelor of Arts in Political Science. His
s.22

Government House

Executive Director Responsible: Jerymy Brownridge

Core Business/ Program Area Description/Critical Business Processes:

The Lieutenant Governor is the Queen's representative and upholds the constitutional framework in British Columbia. In this role the Lieutenant Governor personifies the Crown, which is both the apex and the unifying link in the constitutional and political structure of the province – executive, legislative, and judicial. In terms of a continuing, functioning government, and to uphold the constitutional framework of the province, the Lieutenant Governor:

- Ensures the continued existence of government in the province of British Columbia;
- Selects a first minister as Premier of the Province;
- Appoints and administers the Oaths of Office, Allegiance and Confidentiality to the Premier and members of the Executive Council;
- Summons, prorogues and dissolves the Legislature;
- Delivers the Speech from the Throne;
- Provides Royal Assent to provincial legislation;
- Signs orders-in-council, proclamations and other official documents before they have the force of law; and
- Presents bills by message into the Legislature when they involve taxation or expenditure of public money.

The Lieutenant Governor also participates in other duties of a Vice Regal, ceremonial, celebratory, and promotional nature in roughly 500 events per year.

Budget:

\$1,325,000

Full Time Equivalents (FTEs):

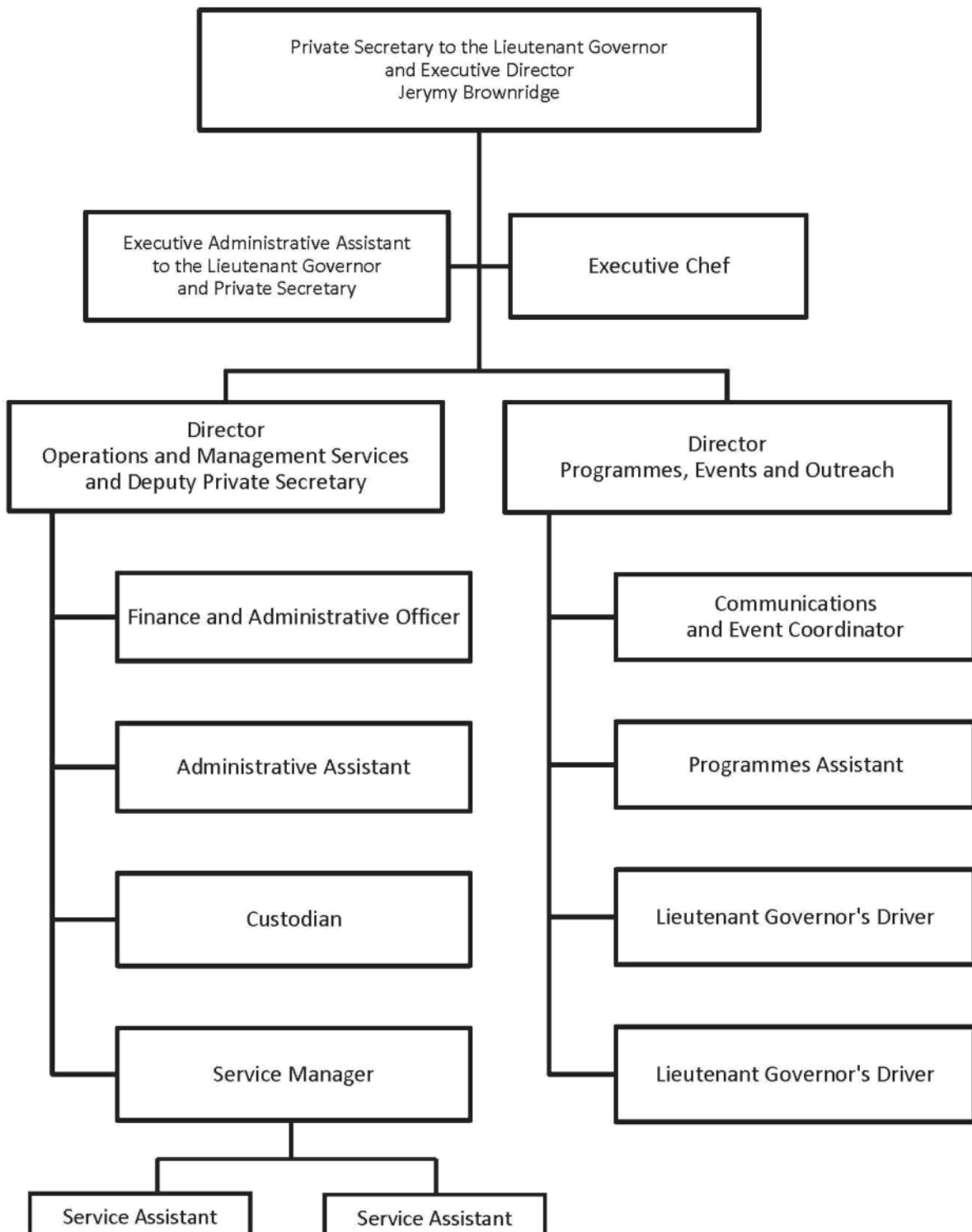
14

Related Legislation:

Canada's *Constitution Act 1867* and British Columbia's *Constitution Act*

The latest versions in chapter 66 define the constitutional and most critical roles of the lieutenant governor.

Organizational Chart:



Government House

Executive Director Responsible: Jerymy Brownridge

Core Business/ Program Area Description/Critical Business Processes:

The Lieutenant Governor is the Queen's representative and upholds the constitutional framework in British Columbia. In this role the Lieutenant Governor personifies the Crown, which is both the apex and the unifying link in the constitutional and political structure of the province – executive, legislative, and judicial. In terms of a continuing, functioning government, and to uphold the constitutional framework of the province.

The Lieutenant Governor ensures the continued existence of government in the province of British Columbia; selects a first minister as Premier of the Province; appoints and administers the Oaths of Office, Allegiance and Confidentiality to the Premier and members of the Executive Council; summons, prorogues and dissolves the Legislature; delivers the Speech from the Throne; provides Royal Assent to provincial legislation; signs orders-in-council, proclamations and other official documents before they have the force of law; and presents bills by message into the Legislature when they involve taxation or expenditure of public money.

The Lieutenant Governor also participates in other duties of a Vice Regal, ceremonial, celebratory, and promotional nature in roughly 500 events per year.

Budget:

\$1,325,000

Full Time Equivalents (FTEs):

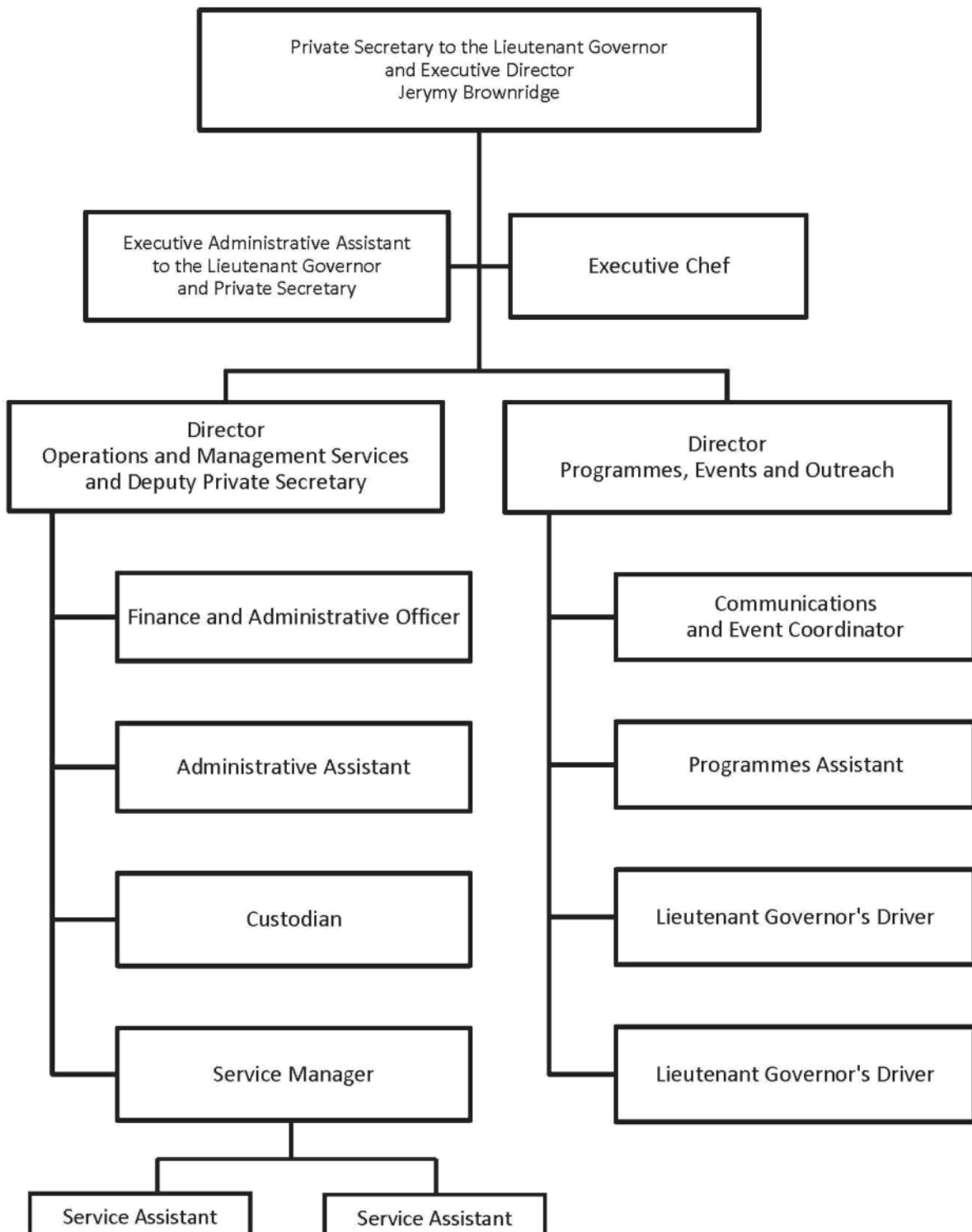
14

Related Legislation:

Canada's *Constitution Act 1867* and British Columbia's *Constitution Act*

The latest versions in chapter 66 define the constitutional and most critical roles of the lieutenant governor.

Organizational Chart:



ISSUE NOTE

Issue:

There is a potential for transition of Lieutenant Governor; the incumbent's minimum term of five years will be met in November of 2017.

Background:

The Lieutenant Governor is the Queen's representative and upholds the constitutional framework in British Columbia. In this role the Lieutenant Governor personifies the Crown, which is both the apex and the unifying link in the constitutional and political structure of the province – executive, legislative, and judicial. In terms of a continuing, functioning government, and to uphold the constitutional framework of the province, the Lieutenant Governor:

- Ensures the continued existence of government in the Province of British Columbia;
- Selects a First Minister as Premier of the Province;
- Appoints and administers the Oaths of Office, Allegiance and Confidentiality to the Premier and members of the Executive Council;
- Summons, prorogues and dissolves the Legislature;
- Delivers the Speech from the Throne;
- Provides Royal Assent to provincial legislation;
- Signs orders-in-council, proclamations and other official documents before they have the force of law;
- Presents Bills by Message into the Legislature when they involve taxation or expenditure of public money.

The Lieutenant Governor also participates in other duties of a Vice Regal, ceremonial, celebratory, and promotional nature in roughly 500 events per year.

Decision required:

NO DECISION FROM THE PROVINCIAL GOVERNMENT IS REQUIRED, BUT PRO-ACTIVE CONSULTATION BY THE PRIME MINISTER'S / GOVERNOR GENERAL'S OFFICE MAY TAKE PLACE

**Office of the Associate Deputy Minister
INTERNAL AUDIT & ADVISORY SERVICES**

ADM Responsible: Chris Brown

Core Business/ Program Area Description/Critical Business Processes:

IAAS provides internal audit and consulting services to management at BC's ministries and Crown corporations in order to promote sound governance, economy, efficiency and effectiveness of public sector operations and to provide assurance that programs and systems are operating in compliance with mandates, policies and regulations.

Specifically IAAS is responsible for:

- Providing operational or performance audits which support improvement of public sector organizations and government programs.
- Conducting financial management audits that evaluate controls over public sector assets, liabilities or obligations, revenues and expenditures.
- Providing advisory services to assist ministry and Crown corporations in effecting positive change, including information system reviews to ensure they are secure and meet ministry and Crown corporation needs.
- Compliance audits which examine adherence to any contractual, regulatory and legislative requirements.
- Providing leadership, advice and best practices regarding Internal Audit in the Public Sector.

Critical Business Processes:

- Developing the annual internal audit plan for Treasury Board and Cabinet consideration and approval.

Budget:

Total budget	\$3,305,000
Recoveries	<u>(904,000)</u>
Net Budget	<u>\$2,400,000</u>

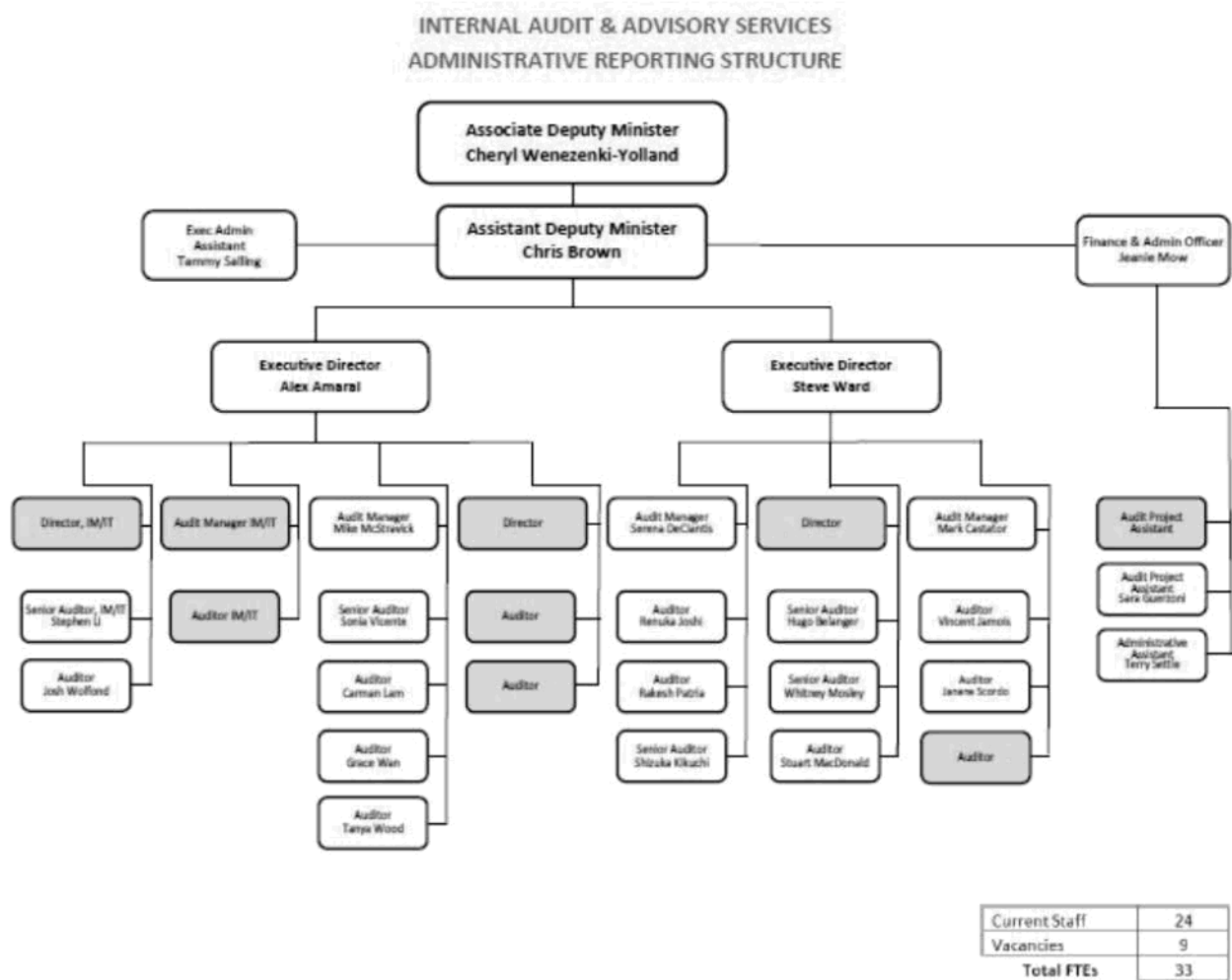
Full Time Equivalents (FTEs):

33

Related Legislation:

Financial Administration Act (FAA)

Organizational Chart:



ISSUE NOTE

INTERNAL AUDIT & ADVISORY SERVICES AUDIT PLAN FOR 2017/18 AND FUTURE YEARS

Issue:

- Internal Audit's Audit Plan for 2017/18 and future years.

Background:

- Attached is a list of project priorities for Internal Audit & Advisory Services (IAAS) for 2017/18 and future years. The information is presented as follows:
Page 2 – Current Projects underway and expected completion dates
Page 3 – Potential Projects
- The process to identify projects can include:
 - interviewing Treasury Board Staff, Risk Management Branch and a Deputy Ministers Committee;
 - reviewing Ministry risk registers;
 - reviewing Ministry Service Plans and Annual Reports; and,
 - researching news and background information on Crown corporations and Ministries to identify changes, new priorities and potential issues.
- The list of current and potential projects has been reviewed with the Deputy Minister of Finance and the Deputy Minister to the Premier.
- The nature and timing of future projects can be amended to reflect emerging issues or changing priorities that need to be reviewed in a more timely manner of.

Current Projects in Progress			
#	Ministry Agency	Project Name Project Description	Expected Completion Dates
1	EDUC	Cariboo-Chilcotin (SD 27) Review Undertake a review of Cariboo-Chilcotin School District to Identify opportunities for improvement, efficiencies and cost savings in overhead and non-instructional functions; and to examine planning, forecasting and financial performance. Status: Final Report Issued June 2017	June 2017
2	s.17		
3	AVED	Student Aid 1. Review the IT project management practices applied for the Modernizing StudentAid BC initiative, including: <ul style="list-style-type: none"> a. Project management framework; b. Project risk management; and c. Performance measurement, reporting and monitoring. Status: In Fieldwork Stage	October 2017
4	HLTH	Pharmacare Special Authority Review process and policy of requests for coverage of "unapproved drugs" looking for efficiencies and cost benefit improvements. Status: In Initial Planning Stage	TBD

Page 05

Withheld pursuant to/removed as

s.13

ISSUE NOTE

INTERNAL AUDIT & ADVISORY SERVICES

REVIEW OF BC ASSESSMENT AUTHORITY

Issue:

Review of BC Assessment Authority was completed in November 2016. Final report was released in March 2017.

Background:

- In February 2016, at the direction of Treasury Board, IAAS began its review of the BC Assessment Authority (BCAA) which included ongoing communication with, and regular updates provided to an Executive Steering Committee of DM's.
- The purpose of the review was to examine BCAA's governance framework, operations, planning and forecasting, financial performance and information technology.
- The review evaluated and, as appropriate, IAAS made recommendations relating to the following:
 1. The effectiveness of BCAA's governance framework, including strategic direction and alignment with government priorities;
 2. BCAA's planning and forecasting;
 3. BCAA's operations, including agreements and relationships with local governments and other stakeholders;
 4. BCAA's financial performance;
 5. Adequacy of cost mitigation strategies, including the identification of potential operating efficiencies;
 6. Information technology practices including IT project management, data administration, and information systems management; and
 7. Examined other matters that arose over the course of the review deemed appropriate by the review team.
- The review concluded that:
 1. BCAA fulfills its mandate of conducting annual property assessments through a rigorous process that forms the basis for property tax administration around the province.
 2. Opportunities exist for the Province and BCAA to further leverage BCAA's real estate knowledge and expertise; and to review benefits and impacts of greater alignment of BCAA's data policies with open data principles.
 3. While the planning and project governance for the replacement of BCAA's core IT system appears strong, successful implementation is critical to ensure BCAA's continued delivery of its core mandate.

- As part of the review, 16 recommendations were generated for BCAA in the following areas:
 - Governance policies and practices
 - Business planning and risk management
 - Procurement practices
 - IT governance and security
 - Data management and licensing
 - Project management
- Also, two recommendations were generated for the Province to:
 - Confirm its direction with regard to BCAA's open data policy, and
 - Work with BCAA to maximize the value of BCAA's real estate market knowledge and expertise.
- The report was presented to the Cabinet Committee on Strong Economy on March 2, 2017 and released publically on March 31, 2017.

Decision required:

- **No decision required**, information only.

ISSUE NOTE

INTERNAL AUDIT & ADVISORY SERVICES

REVIEW OF SCHOOL DISTRICTS

Issue:

- Reviews of three School Districts have recently been completed. The SD38, Richmond report was publicly released in February 2017. The SD68, Nanaimo-Ladysmith and SD27, Cariboo-Chilcotin reports were publicly released in June 2017.

Background:

- In March 2015, at the direction of Treasury Board, IAAS began planning for its administrative efficiency reviews of School Districts.
 1. For the 2015/16 school year, SD38, Richmond and SD68, Nanaimo-Ladysmith were approved for review.
 2. For the 2016/17 school year, SD27, Cariboo-Chilcotin was approved for review.
- The purpose of the reviews is to look for opportunities for improvement, efficiencies and cost savings in overhead and non-instructional functions of School Districts; and to examine planning, forecasting and financial performance.
- School District governance structure and processes are excluded from review, as an independent review was completed in 2013 with recommendations for enhancement.
- The reviews evaluate and, as appropriate, the reports may make recommendations relating to the following:
 1. School District's non-instructional functions, including: administration, operations and maintenance, and transportation;
 2. Assess School District's planning, forecasting, and utilization;
 3. School District's financial performance, including: budgeting, operating costs, and cost mitigation strategies; and
 4. Examine other matters that may arise over the course of the reviews deemed appropriate by the review team.
- IAAS' findings should aid the ministry and school districts in seeking specific efficiencies and further cost savings.
- SD68, Nanaimo-Ladysmith and SD27, Cariboo-Chilcotin reports were publicly released in June 2017.

- SD38, Richmond final report released in February 2017, concluded that:
 1. Since a process to identify schools for closure is nearing completion, the District should be able to begin planning for school closures as well as the seismic mitigation work that needs to be done. This will reduce excess capacity and generate annual savings which could go towards the maintenance and enhancement of remaining facilities, as well as supporting the education of current students.
 2. While the District is in a solid financial position, improved strategic planning and long-term forecasting would assist in managing future challenges.
 3. There are opportunities for strengthening the District's management and operations through more consistent use of business cases and analysis to support decision-making.

The report identified 16 recommendations for the District in areas ranging from strategic planning and risk management to cost containment and improving financial management and budgeting practices.

- SD68, Nanaimo-Ladysmith final report released in June 2017, concluded that:
 1. A strategic plan that creates long-term direction of the district and incorporates divisional plans will ensure all areas are working to deliver on the key goals.
 2. A clear and consistent approach to stakeholder engagement would lead to more transparency and focus for the District, the community and the students.
 3. Addressing the surplus properties would free up resources to support the education of students and maintain facilities.
 4. Oversight and control of purchase cards should be improved given the number in use and the amount of spending.

The report identified 18 recommendations for the District in areas ranging from strategic planning and risk planning to improving information technology practices and enhancing the procurement accountability framework, including aligning with the spirit and intent of government policy.

- SD27, Cariboo-Chilcotin final report released in June 2017, concluded that:
 1. A strategic plan integrating all areas of the organization, will better ensure the District's key goals are achieved.
 2. Budgeting could be more effective by including the prior year's known operating surplus in the preliminary budget and developing long-term financial forecasts.
 3. There are opportunities for strengthening procurement and improving information technology policies and practices to better manage and safeguard assets.
 4. Addressing surplus properties would free up resources to further support the education of students.

The report identified 17 recommendations for the District in areas ranging from strategic planning and risk management to improving information technology practices and strengthening budgeting and monitoring practices.

Decision required:

- **No decision required**, information only.

ISSUE NOTE
INTERNAL AUDIT & ADVISORY SERVICES
REVIEW OF SCHOOL DISTRICTS

Issue:

- Reviews of School Districts are currently underway with the SD68, Nanaimo-Ladysmith report to be publicly released at a date to be determined by the Minister of Education, and the Government Communications and Public Engagement office; and the SD27, Cariboo – Chilcotin draft report due later in 2017. The SD38, Richmond report was publicly released on February 6, 2017.

Background:

- In March 2015, at the direction of Treasury Board, IAAS began planning for its administrative efficiency reviews of School Districts.
 1. For the 2015/16 school year, SD38, Richmond and SD68, Nanaimo-Ladysmith were approved for review.
 2. For the 2016/17 school year, SD27, Cariboo – Chilcotin was approved for review.
- The purpose of the reviews is to look for opportunities for improvement, efficiencies and cost savings in overhead and non-instructional functions of School Districts; and to examine planning, forecasting and financial performance.
- School District governance structure and processes are excluded from review, as an independent review was completed in 2013 with recommendations for enhancement.
- The reviews evaluate and, as appropriate, the reports may make recommendations relating to the following:
 1. School District's non-instructional functions, including: administration, operations and maintenance, and transportation;
 2. Assess School District's planning, forecasting, and utilization;
 3. School District's financial performance, including: budgeting, operating costs, and cost mitigation strategies; and
 4. Examine other matters that may arise over the course of the reviews deemed appropriate by the review team.
- Over time, IAAS expects to find common issues that will aid the ministry and school districts in seeking specific efficiencies and further cost savings.
- SD68, Nanaimo-Ladysmith final report will be publicly released at a date to be determined by the Minister of Education, and the Government Communications and Public Engagement office.
- SD27, Cariboo-Chilcotin fieldwork commenced in January 2017, and will include ongoing communication with, and updates provided, to an Executive Steering Committee of DM's.

- SD38, Richmond final report was released on February 6, 2017, concluded that:
 1. Since a process to identify schools for closure is nearing completion, the District should be able to begin planning for school closures as well as the seismic mitigation work that needs to be done. This will reduce excess capacity and generate annual savings which could go towards the maintenance and enhancement of remaining facilities, as well as supporting the education of current students.
 2. While the District is in a solid financial position, improved strategic planning and long-term forecasting would assist in managing future challenges.
 3. There are opportunities for strengthening the District's management and operations through more consistent use of business cases and analysis to support decision-making.

The report identified 16 recommendations for the District in areas ranging from strategic planning and risk management to cost containment and improving financial management and budgeting practices.

Decision required:

- **No decision required**, information only.

Reports and Studies

Internal Audit & Advisory Services:

- Completed draft report on the review of the Nanaimo-Ladysmith School District was provided to the Minister of Finance and the Minister of Education but has not been released.
- In the process of drafting the report on the review of the Cariboo-Chilcotin School District which will be shared with the DM's of Finance and Education in May, 2017.
- Have just begun a review of Risk Management Branch and their activities related to self-insurance as well as the accounting for IRMA (Insurance and Risk Management Account).
- Have just begun a review of the Ministry of Advanced Education's project management of their implementation of a new student grant management software.

EXECUTIVE MEMBER BIOGRAPHY

Chris Brown, Assistant Deputy Minister, Internal Audit & Advisory Services



Major Accountabilities:

Responsible for leading IAAS in providing internal audit and consulting services to management at BC's ministries and Crown corporations in order to promote sound governance, economy, efficiency and effectiveness of public sector operations.

Was the lead on review of BC Ferries and TransLink (2009) for Office of Comptroller General and review of BC Hydro (2011) for panel of Deputy Ministers.

Have led the internal audit division in conducting reviews of:

- Justice system (2011),
- Community Living BC (2011),
- Insurance Corporation of BC (2012),
- TransLink (2012),
- Partnerships BC (2014),
- BC Lottery Corp (2014),
- BC Transit (2016),
- BC Assessment Authority (2017)
- School District Reviews
 - Richmond (2016)
 - Nanaimo-Ladysmith (2016)
 - Cariboo-Chilcotin (2017)

Employment History:

2006 – Present	Internal Audit and Advisory Services, ADM (2012), A/Executive Director (2010) and Director (2007)
2002 – 2006	Partner in a Victoria CA firm
1995 – 2002	Public practice with international CA firms (KPMG and BDO Dunwoody) leaving as a Senior Manager

Office of the Associate Deputy Minister

Associate Deputy Minister Responsible: Cheryl Wenezenki-Yolland

Core Business:

Provide executive leadership to each of the four divisions:

Crown Agency Resource Office (CARO) - has lead responsibility for overseeing and maintaining the Crown Agency Accountability System including the Taxpayer Accountability Principles. CARO provides oversight of and support regarding Crown governance and corporate accountability in relation to all public sector organizations.

Internal Audit & Advisory Services (IAAS) - IAAS provides internal audit and consulting services to management at BC's ministries and Crown corporations in order to promote sound governance, economy, efficiency and effectiveness of public sector operations and to provide assurance that programs and systems are operating in compliance with mandates, policies and regulations.

Gaming Policy and Enforcement Branch (GPEB) and the BC Lottery Corporation - regulates all gambling in B.C., ensures the integrity of gaming industry companies, people and equipment, and ensures compliance with the policies and standards established under the Gaming Control Act. This includes oversight of the British Columbia Lottery Corporation (BCLC), B.C.'s horse racing industry, and licensed gambling events. GPEB also delivers responsible and problem gambling programs, and distributes gaming funds to community organizations and other recipients.

Corporate Information & Records Management Office (CIRMO) – the central agency responsible for developing corporate information management strategies, legislation, operations, policies, standards and training for Information Management, including FOI, Government Records Management and Information Protection and Privacy.

- Role of Chief Records Officer
- Responsible for Provincial Tax Appeals – Statutory decision maker for all tax appeals

Budget:

\$43,086,750

Full Time Equivalents (FTEs):

438

Related Legislation:

CARO:

Budget Transparency and Accountability Act

Balanced Budget and Ministerial Accountability Act

PSO Enabling Legislation (where applicable)

IAAS:

Financial Administration Act (FAA)

GPEB:

Gaming Control Act

Gaming Control Regulation

Criminal Code of Canada

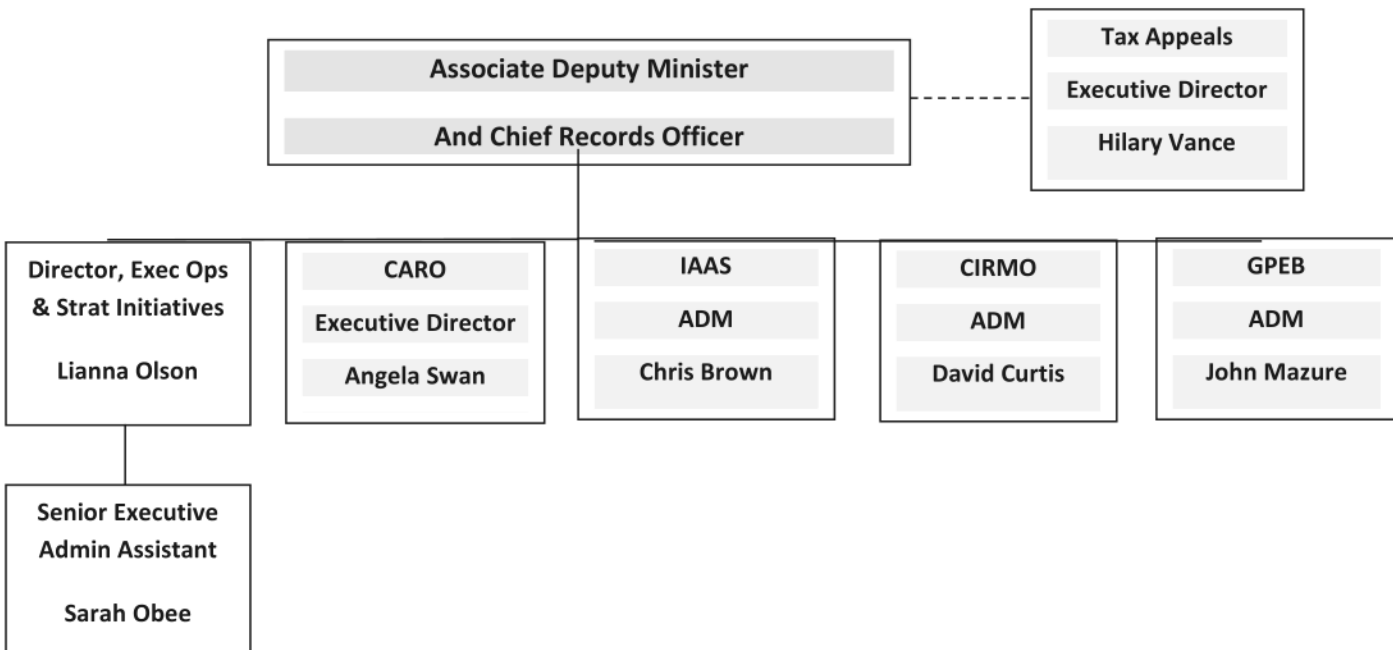
CIRMO:

Information Management Act

Freedom of Information and Protection of Privacy Act

Personal Information Protection Act

Organizational Chart:



EXECUTIVE MEMBER BIOGRAPHY

Cheryl Wenezenki-Yolland – Associate Deputy Minister and Chief Records Officer



Cheryl was appointed as Associate Deputy Minister to the Ministry of Finance in June 2013 and has now also taken on the role of Chief Records Officer. Cheryl provides executive leadership to the Crown Agency Resource Office, Internal Audit & Advisory Services, the Gaming Policy and Enforcement Branch, the BC Lottery Corporation, and now also the Corporate Information & Records Management Office. She is responsible for Corporate and Crown Governance, Crown Reviews, Internal Audit, Provincial Tax Appeals, Provincial Gaming and now Information Management, including FOI, Government Records Management and Information Protection and Privacy. Cheryl holds a Certified Public Accountant (CPA previously CMA) designation and has over 25 years of public service experience.

Prior to her current appointment, Cheryl served as Deputy Minister to the Ministry of Advanced Education, Innovation and Technology, A/Deputy Minister of Environment, Associate Deputy Minister of the Environmental Assessment Office, and spent four years as the Province's Comptroller-General. Cheryl has also served in a director capacity on a number of public sector boards and recently completed a 2-year term as a member of the Financial Institution Commission.

Earlier in her career, she held executive positions with the Ministry of Finance, the Office of the Premier, the BC Public Service Agency, and the former Ministry of Labour and Citizens Services, including roles as Executive Financial Officer and Chief Financial Officer. Cheryl also spent a number of years working in internal audit and in a variety of capacities with other organizations such as BC Transit. Before starting her public service career with the Legislative Library in 1985, she was involved with various small businesses.

The foundation of Cheryl's professional career has been her principled based approach to leadership and her grounding and expertise in finance and audit. In August 2007, the Society of Management Accountants of Canada honoured Cheryl with a fellowship award. This FCPA, CMA designation recognizes the service that she has provided to the accounting profession and distinction in her career as a public servant.

Cheryl enjoys spending her leisure time with her husband, Peter, their two children Harrison and Larryssa, and participating in various activities within her community, including dancing at the local Performing Arts Centre.

Ministry of Finance, Office of the Comptroller General - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
ACROYNM	Name	Contact Name Title Phone Email		<ul style="list-style-type: none"> List of Key Issues this Stakeholder is consulted on 	Mailing address
OAG	Office of the Auditor General	Carol Bellringer Auditor General CBellringer@bcauditor.com Russ Jones Deputy Auditor General RJONES@bcauditor.com Tel: (250) 419-6100	A non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly.	<ul style="list-style-type: none"> Managing the audit relationship OCG supports ministries engaged in financial and performance audits subject to the OAG Audit of the Summary Financial Statements 	623 Fort St, Victoria, BC V8W 3V2
CPA BC	Chartered Professional Accountants of British Columbia	Chartered Professional Accountants of British Columbia Tel: (604) 872-7222 Toll Free: 800-663-2677 Website: www.bccpa.ca	Staff with CPA membership can access resources offered by CPA BC. Establishes the professional code of ethics along with CPA Canada	<ul style="list-style-type: none"> Professional Development Independent Professional Ethics Standard 	800-555 West Hastings Street, Vancouver BC V6B 4N6

Branch	Organization	Contact	Description	Key Issues	Address
APAC	Accounting Policy Advisory Committee	Carl Fischer / Diane Lianga Office of the Comptroller General Tel: 250-387-6692 Comptroller.General@gov.bc.ca	The committee was established under the Budget Transparency and Accountability Act.	<ul style="list-style-type: none"> The Accounting Policy Advisory Committee advises Treasury Board as to the application and implementation of generally accepted accounting principles for the government reporting entity. 	617 Government St. Victoria BC V8W 9V1
CCC	Canadian Council of Comptrollers	Kelly Barr Secretariat of the Canadian Council of Comptrollers Tel: (613)716-6412 Kelly.barr@tbs-sct.gc.ca	The secretariat provides central co-ordination functions for the Comptrollers' General across all provinces and territories.	<ul style="list-style-type: none"> Cross jurisdictional comparison and analysis Accounting standards implementation issues 	7 Queen's Park Crescent 2 nd Floor, Frost Building South Toronto, ON M7A 1Y7
PSAB	Public Sector Accounting Board	Michael Puskaric Director, Public Sector Accounting Tel: (416) 204.3451 mpuskaric@cpacanada.ca	The Public Sector Accounting Board (PSAB) was created to serve the public interest by establishing <u>accounting standards for the public sector</u> .	<ul style="list-style-type: none"> Proposed accounting standards are released for comment PSAB approves new sections of the Public Sector Accounting Standards Handbook 	277 Wellington Street West Toronto, ON M5V 3H2

ISSUE NOTE

Issue:

- Public Accounts Reporting for March 31, 2017

Background:

- Under Section 9 of the *Budget Transparency and Accountability Act* (BTAA), government is required to prepare the Public Accounts for release prior to August 31, 2017.
- The Summary Financial Statements consolidates over 160 entities, including the province's 43 Crown corporations and agencies, 60 school districts, 11 universities, 14 colleges and institutes, 8 hospital societies, 6 health organizations and the Consolidated Revenue Fund (20 ministries and other agencies). The Public Accounts are prepared in accordance with BTAA which requires the use of generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.
- Last year, the province received a qualified audit opinion on the Summary Financial Statements. In accordance with accounting standards, the province recognizes restricted funding received from the federal government and other external parties as deferred revenue until the underlying obligations are satisfied, at which time the funding is recognized as revenue. The Auditor General believes that these transfer payments have insufficient stipulations to create an obligation; therefore, the deferral is not supported. In consultation with the Minister, we agreed to not make the adjustment as suggested by the Auditor General, as it was not, in our collective opinion, in accordance with Canadian accounting standards. This issue remains under discussion with the Office of the Auditor General.
- Final Summary Financial Statements are scheduled to be sent to the Office of the Auditor General June 19th with comments back from Office of the Auditor General by July 4th. The Auditor General's report is expected July 10th.
- The working date for release of the Public Accounts is July 18th, subject to receiving the audit opinion and document production requirements.

Decision required:

- **30 day issue.**
- We continue to work collaboratively with the Office of the Auditor General to resolve this one remaining qualification item.

EXECUTIVE MEMBER BIOGRAPHY

Carl Fischer, Acting Comptroller General



Carl Fischer was appointed Acting Comptroller General on December 1, 2016 shortly after the incumbent assumed a new role at the Office of the Auditor General. He is a Certified Public Accountant with 18 years of experience within the Office of the Comptroller General, and a total of 30 years of experience in government financial management, policy and accounting.

Prior to this appointment Carl held the role of Executive Director, Financial Reporting and Advisory Services, the senior accounting position responsible for the preparation of the Public Accounts and Ministerial Accountability Report. Responsibility for the Public Accounts involves establishing the accounting policies of the province, implementing systems of accounting, providing functional control over transactions of the province, and representing ministries and crown agencies through the annual audit conducted by the Office of the Auditor General.

Notable responsibilities undertaken during his tenure in OCG include leading the implementation of full GAAP financial reporting as required by the introduction of the *Budget Transparency and Accountability Act*, transitioning Crown agencies to a common basis of accounting consistent with government accounting policy, and representing the province through the evolution of a national public sector accounting standard under the Public Sector Accounting Board of Canada.

Carl has acted as a pension board trustee since 2006 and represents the province as a Director on the BC Pension Corporation board of directors.

Office of the Comptroller General

ADM Responsible: Carl Fischer, Acting Comptroller General

Core Business/ Program Area Description/Critical Business Processes:

The Office of the Comptroller General's (OCG) authority to mandate is derived from Section 9 from the *Financial Administration Act (FAA)*.

The key outputs of the OCG include monthly, quarterly and annual financial statements for the Government Reporting Entity, real-time financial policy compliance monitoring and post-payment review processing and a Corporate Financial System.

OCG is a governance organization with a focus on policy development and interpretation in the areas of accounting, financial management, financial systems and procurement. OCG provides advice to government and ministries in each of these areas.

OCG is responsible for the Province's Corporate Financial System, which provides all payments and supports the production of the Public Accounts.

OCG conducts investigations into reports of financial mismanagement and policy breach.

- The Comptroller General must, subject to any direction of the Treasury Board, do all of the following:
 - (a) develop and issue policies and guidelines and establish procedures for the financial management and recording of the revenues, expenditures, assets, liabilities and equity of the government;
 - (b) issue directives respecting the methods by which the accounts of the government are kept;
 - (c) administer and maintain the central accounts of the government;
 - (d) provide functional control over all financial transactions entered into the central accounting system;
 - (e) evaluate financial management throughout the government and recommend to the Treasury Board improvements considered necessary; and
 - (f) prepare the public accounts and any other financial statements and reports required of the Comptroller General by the Minister of Finance or Treasury Board.

Budget:

\$18,726,000

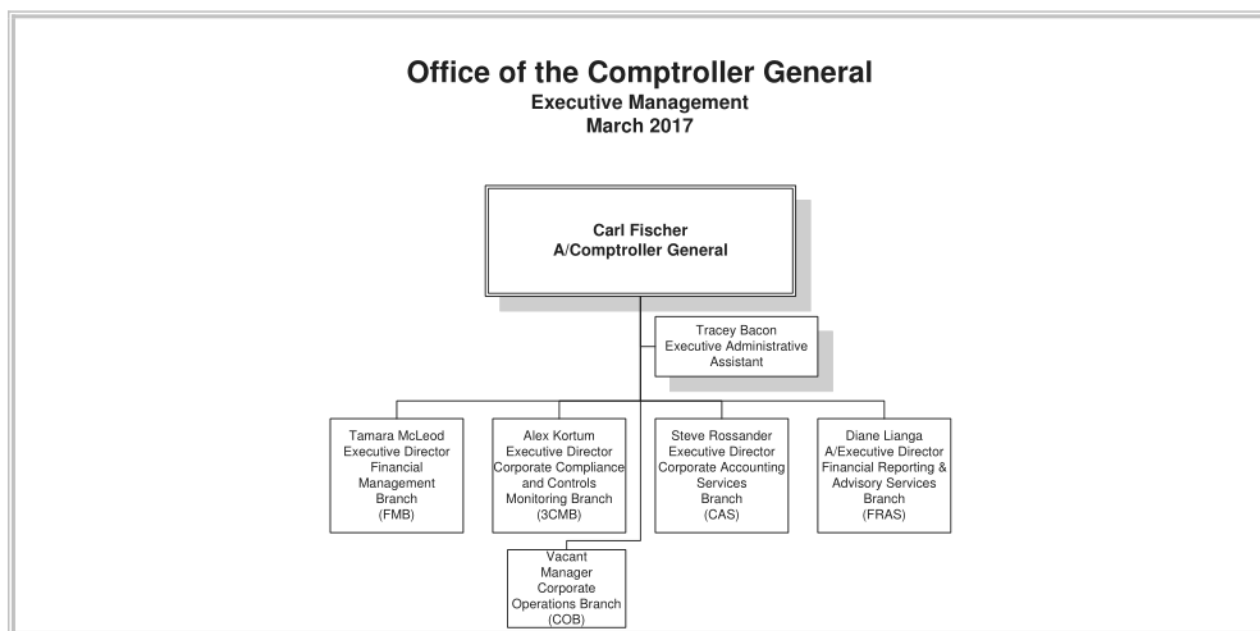
Full Time Equivalents (FTEs):

126 FTEs

Related Legislation:

- *Financial Administration Act*
- *Budget Transparency and Accountability Act*
- *Balanced Budget and Ministerial Accountability Act*
- *Financial Information Act*
- *Auditor General Act*
- *Unclaimed Property Act*

Organizational Chart:



ISSUE NOTE

Issue:

- Public Accounts Reporting for March 31, 2017

Background:

- Under Section 9 of the *Budget Transparency and Accountability Act* (BTAA), government is required to prepare the Public Accounts for release prior to August 31, 2017.
- The Summary Financial Statements consolidates over 160 entities, including the province's 43 Crown corporations and agencies, 60 school districts, 11 universities, 14 colleges and institutes, 8 hospital societies, 6 health organizations and the Consolidated Revenue Fund (20 ministries and other agencies). The Public Accounts are prepared in accordance with BTAA which requires the use of generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.
- Last year, the province received a qualified audit opinion on the Summary Financial Statements. In accordance with accounting standards, the province recognizes restricted funding received from the federal government and other external parties as deferred revenue until the underlying obligations are satisfied, at which time the funding is recognized as revenue. The Auditor General believes that these transfer payments have insufficient stipulations to create an obligation; therefore, the deferral is not supported. In consultation with the Minister, we agreed to not make the adjustment as suggested by the Auditor General, as it was not, in our collective opinion, in accordance with Canadian accounting standards. This issue remains under discussion with the Office of the Auditor General.
- Final Summary Financial Statements are scheduled to be sent to the Office of the Auditor General June 19th with comments back from Office of the Auditor General by July 4th. The Auditor General's report is expected July 4th.
- The working date for release of the Public Accounts is July 4th.

Decision required:

- **30 day issue.**
- We continue to work collaboratively with the Office of the Auditor General to resolve this one remaining qualification item.

Page 01 to/à Page 02

Withheld pursuant to/removed as

s.12;s.14

Page 03 to/à Page 05

Withheld pursuant to/removed as

s.12

Page 06

Withheld pursuant to/removed as

s.12;s.16

Page 07 to/à Page 23

Withheld pursuant to/removed as

s.12

Blank page

Page 25 to/à Page 31

Withheld pursuant to/removed as

s.12

Policy & Legislation - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Central 1 Credit Union	Don Wright President & CEO 604-730-6436 don.wright@central1.com	Industry representative organization for BC (and Ontario) credit unions, liquidity provider, payments system access provider and other service provider for BC, Ontario and, for some services, other provincial credit unions, etc.	s.13	1441 Creekside Drive Vancouver BC V6J 4S7
PLD	Vancouver City Savings Credit Union	Tamara Vrooman CEO 604.877.7666 Tamara_Vrooman@vancity.com	BC's largest credit union.		183 Terminal Avenue PO Box 2120 Stn Terminal Vancouver BC V6B 5R8

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Coast Capital Savings Credit Union	Don Coulter Chief Executive Officer don.coulter@coastcapitalsavings.com	BC's second largest credit union (largest membership). Is seeking to continue federally under the <i>Bank Act</i>	s.13	800-9900 King George Blvd Surrey, British Columbia V3T 0K7
PLD	First West Credit Union	Launi Skinner CEO LSkinner@firstwestcu.ca	BC's third largest credit union		6470 201 Street Langley BC V2Y 2X4
PLD	Insurance Brokers Association of British Columbia	Chuck Byrne Executive Director 604-606-8001 cbyrne@ibabc.org	Industry representative organization for property and casualty (P&C) insurance brokers in BC (selling auto, home and commercial insurance)		543 Granville Street, Suite 1600 Vancouver BC V6C 1X6

Branch	Organization	Contact	Description	Key Issues	Address
PLD	ADVOCIS	Greg Pollock President and CEO 416 444-5251 president@advocis.ca	Industry representative organization for financial advisors in Canada (including life insurance agents)	s.13	390 Queens Quay West, Suite 209 Toronto ON M5V 3A2
PLD	Insurance Bureau of Canada	Don Forgeron President & CEO 416-362-2031 dforgeron@ibc.ca	Industry representative organization for property and casualty (P&C) insurance companies in Canada (selling auto, home and commercial insurance)		777 Bay Street, Suite 2400 PO Box 121 Toronto ON M5G 2C8
PLD	Canadian Association of Direct Relationship Insurers	Catherine Allman Vice President , External and Government Relations 416 773-0101 callman@cadri.com	Industry representative organization for direct insurance companies (i.e., don't sell through agents) of property and casualty (P&C) insurance in Canada		301 - 250 Consumer's Road Willowdale ON M2J 4V6

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Canadian Life & Health Insurance Association	Frank Swedlove President 416-777-2221 fswedlove@clhia.ca	Industry representative organization for life and health insurance companies in Canada	s.13	79 Wellington Street West, Suite 2300 PO Box 99, TD South Tower Toronto ON M5C 2X9
PLD	Canadian Association of Financial Institutions in Insurance	Brendan Wycks Executive Director 416-494-9224 brendan.wycks@cafii.com	Industry representative organization for bank owned insurance companies.		55 St. Clair Avenue West, Suite 255 Toronto ON M4V 2Y7

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Insurance Council of British Columbia	Gerald Matier Executive Director 604-688-0321 gmatier@insurancecouncilofbc.com	Regulatory organization, established under BC legislation, to regulate insurance intermediaries.	s.13	Suite 300 - 1040 West Georgia Street PO Box 7 Vancouver BC V6E 4H1

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Canadian Bankers Association	Terry Campbell President 416-362-6093 tcampbell@cba.ca	Industry representative organization for banks.	s.13	Box 348, Commerce Court West 199 Bay Street, 30th Floor Toronto ON M5L 1G2

Branch	Organization	Contact	Description	Key Issues	Address
PLD	BC Registries and Online Services, Ministry of Technology, Innovation & Citizens' Services (MTICS)	<p>Carol Prest Registrar</p> <p>250 356-8658</p> <p>Carol.Prest@gov.bc.ca</p>	<p>Financial and Corporate Sector Policy (FCSP) and MTICS share responsibility for the following Acts; MTICS is responsible as the Act relates to the establishment and operation of the Registry:</p> <p><i>Business Corporations Act</i></p> <p><i>Cooperative Associations Act</i></p> <p><i>Credit Union Incorporation Act</i></p> <p><i>Financial Institutions Act</i></p> <p><i>Insurance (Captive Company) Act</i></p> <p><i>Manufactured Home Act</i></p> <p><i>Miscellaneous Registrations Act, 1992</i></p> <p><i>Mutual Fire Insurance Companies Act</i></p> <p><i>Partnership Act</i></p> <p><i>Pension Fund Societies Act</i></p> <p><i>Personal Property Security Act</i></p> <p><i>Repairers Lien Act</i></p> <p><i>Societies Act.</i></p>	s.13	<p>200 - 940 Blanshard St PO Box 9431 Stn Prov Govt Victoria BC V8W 9V3</p>

Branch	Organization	Contact	Description	Key Issues	Address
PLD	British Columbia Law Institute (BCLI)	Kathleen Cunningham Executive Director 604 822-0145 kcunningham@bcli.org	Incorporated as a society in 1997, BCLI engages in legal research and law reform projects.	s.13	1822 East Mall University of British Columbia Vancouver BC V6T 1Z1
PLD	Canadian Bar Association (BC Branch)	Caroline Nevin, MBA, CAE Executive Director 604 687-3404 cnevin@bccba.org	Private professional organization for BC lawyers.		10th Floor 845 Cambie St Vancouver BC V6B 5T3
PLD	College, Municipal, Public Service and Teachers' Pension Plans	Adam Molineux Director of Policy BC Pension Corporation 778 698-6254 adam.molineux@pensionsbc.ca	The administrative agent for the four public sector plans.		2995 Jutland Rd PO Box 9460 Stn Prov Govt Victoria BC V8W 9V8

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Canadian Conference on Personal Property Security Law	<p>Secretary: Sheri A. Hupp Senior Crown Counsel / Registrar of Personal Property Security Office of Public Registry Administration Ministry of Justice Government of Saskatchewan</p> <p>306 798-1203</p> <p>sheri.hupp@gov.sk.ca</p>	A group of provincial and territorial government representatives and leading academics in the area of personal property security law who meet annually to facilitate harmonization of personal property security law across Canada and provide a mechanism for standardization of personal property registry requirements and procedures.	s.13	1110 - 1874 Scarth Street Regina SK S4P 4B3

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Real Estate Council of British Columbia (Council)	Erin Seeley Acting Executive Officer 604 683-9664 eseeley@recbc.ca	The Council is appointed by the Lieutenant Governor in Council under the <i>Real Estate Services Act</i> . The Council is responsible for education, licensing and discipline of persons providing real estate services (trading services, property management and strata management).	s.13	900 - 750 West Pender Street Vancouver BC V6C 2T8

Branch	Organization	Contact	Description	Key Issues	Address
PLD	BC Real Estate Association (BCREA)	Robert Laing Chief Executive Officer 604 742-2787 rlaing@bcrea.bc.ca	The BCREA is a private professional association for more than 20,000 licensees in BC, focusing on provincial issues that impact real estate. Its members are comprised of the 11 real estate boards in the province. As the representative of the BC real estate industry, BCREA lobbies the government on industry issues and owns and operates the Multiple Listing Service.	s.13	1420 – 701 Georgia Street West PO Box 10123 Pacific Centre Vancouver BC V7Y 1C6
PLD	Professional Association of Managing Agents (PAMA)	Roger A. Williams Executive Director 604 267-0476 ed@pama.ca	The PAMA is a private professional association for real estate licensees providing for property and strata management services.		Suite 340, 2025 West 42nd Avenue Vancouver BC V6M 2B5

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Strata Property Agents of BC (SPABC)	Nizam Dossa Executive Director 604 253-5222 nizam@spabc.org	SPABC is a private professional association for real estate licensees providing strata management services.	s.13	3847B Hastings Street Burnaby BC V5C 2H7
PLD	British Columbia Securities Commission	Brenda Leong, Chair and CEO 604 899-6647 BLEong@bcsc.bc.ca	Crown corporation responsible for the administration of the <i>Securities Act</i> .		Suite 1200 701 West Georgia Street PO Box 10142 Pacific Centre Vancouver BC V7Y 1L2
PLD	Investment Industry Regulatory Organization of Canada	Andrew Kriegler, President and CEO 604 683-6222	National self-regulatory organization responsible for regulating investment dealing firms and representatives of those firms as well as regulating trading activity on debt and equity marketplaces in Canada.		Suite 2800 - Royal Centre 1055 West Georgia Street PO Box 11164 Vancouver BC V6E 3R5

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Mutual Fund Dealers Association	Mark Gordon, President and CEO 604 694-8840	National self-regulatory organization responsible for regulating mutual fund dealers.	s.13	650 West Georgia Street Suite 1220 PO Box 11603 Vancouver BC V6B 4N9
PLD	Capital Markets Authority Implementation Organization	Kevan Cowan, CEO and Chief Regulator 1 844 800-2672	Canada not-for-profit corporation established to assist in the development of the Cooperative Capital Markets Regulatory System.		PO Box 109 TD Tower North Suite 3110 77 King Street West Toronto ON M5K 1G8

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Motion Picture Production Industry Assn. of BC	Peter Leitch, Chair 604-983-5555 PeterL@nsstudios.ca	Established in 2002, the Motion Picture Production Industry Association of British Columbia (MPPIA) is a member-based non-profit organization focusing on BC's motion picture production sector.	s.13	555 Brooksbank Avenue, North Vancouver, BC V7G 3S5
PLD	Canadian Media Producers Association	Liz Shorten, Managing Vice-President 604-694-2711 liz.shorten@cmpa.ca	The Canadian Media Producers Association (CMPA) is a trade association representing more than 350 companies engaged in the development, production and distribution of English-language television programs, feature films and digital media.		600-736 Granville Street Vancouver, British Columbia V6Z 1G3

Branch	Organization	Contact	Description	Key Issues	Address
PLD	EP Canada Film Services Inc	Cheryl Nex Chief Executive Officer 604.987.2292 cnex@epcanada.com	EP Canada is a payroll company providing clients with production payroll services and software, it is affiliated with Entertainment Partners of Los Angeles.	s.13	555 Brooksbank Ave. Building 6 North Vancouver, BC V7J 3S5
PLD	DigiBC	James Hursthouse Executive Director 604-602-5237 exec@digibc.org	DigiBC --- The Interactive & Digital Media Industry Association of British Columbia --- is a member-supported, non-profit organization, based in Vancouver. It was previously called the Wireless Information Network (WIN) and New Media BC.		#101 - 887 Great Northern Way Vancouver, BC V5T 4T5
PLD	Canadian Association of Petroleum Producers	Tim McMillan President and CEO tim.mcmillan@capp.ca	Industry association representing upstream oil and natural gas industry		2100 - 350 7 th Avenue S.W. Calgary AB T2P 3N9

Branch	Organization	Contact	Description	Key Issues	Address
PLD	Mining Association of BC	Karina Briño President and CEO 604.681.4321 x120 kbrino@mining.bc.ca	Industry association representing mining in BC	s.13	900-808 West Hastings St. Vancouver, BC V6C 2X4
PLD	LNG Alliance	David Keene, President and CEO (778) 379-7640	Industry association in support of LNG development in BC		
PLD	BC Real Estate Association	Jim Stewart, President 604.683.7702	Industry association representing interest of realtors in BC		1420 – 701 Georgia Street West PO Box 10123, Pacific Centre Vancouver, BC V7Y 1C6
PLD	Urban Development Institute	Jon Stovell, Chair 604-669-9585	Industry association representing interests of developers in BC		Suite 200 – 602 West Hastings St. Vancouver, BC V6B 1P2

ISSUE NOTE

Cooperative Capital Markets Regulatory System Initiative

The Cooperative Capital Markets Regulatory System (CCMRS) is an initiative to replace individual securities regimes in certain Canadian jurisdictions with a common securities regulator.

Issues:

s.13

- The CCMRS is not yet operational in BC or other participating jurisdictions. Participating jurisdictions, including BC, have signed a Memorandum of Agreement (MOA) to launch the CCMRS by the end of 2018, requiring best efforts to table (and pass) legislation by the spring of 2018 or earlier. s.13

s.13

- The Quebec Court of Appeal recently released a decision finding the CCMRS as contemplated in the MOA unconstitutional. The federal government, BC and Quebec have each filed a notice of appeal to the Supreme Court of Canada (SCC) in relation to the decision.

Background:

- Following a 2011 SCC reference case, s.13

s.13

s.13

BC, Ontario and the federal government reached an Agreement in Principle in 2013 to pursue a common regulator on a cooperative basis, as was contemplated in the opinion.

- Subsequently, Saskatchewan, New Brunswick, Prince Edward Island, and Yukon joined the initiative and all participating governments furthered their commitment to the initiative by signing a MOA.

s.13

- Under the MOA, jurisdictions agreed to jointly establish a common authority (the Authority) to administer uniform provincial securities legislation, intended to replace existing securities legislation, as well as complementary federal systemic risk legislation. The federal and provincial jurisdictions would delegate administration of their respective legislation to the Authority. s.13

s.13

•

- The MOA created a Council of Ministers to oversee the regulator once operational and to

oversee the transition. The Council has a provincial co-chair, which rotates every two years. The Ontario Minister Charles Sousa is the current provincial co-chair. The federal Minister Bill Morneau is the other co-chair.

- A not-for-profit corporation called the Capital Markets Authority Implementation Organization (CMAIO) was established in 2015 to facilitate the transition to, and implementation of, the Authority.
- William (Bill) A. Black has been named as the first chair of the Board of Directors. Mr. Black served as President and Chief Executive Officer of Maritime Life from 1995-2004, and has served on numerous boards including the board of governors of the Bank of Canada.
- The Board of Directors includes Andrea Bolger, Joan Dunne, Garth Girvan, Rory Godinho, Nancy Hopkins, Peter Klohn, Douglas Knight, Jill Leversage, Harold MacKay, John McCoach, Jean-Pierre Ouellet, Vicky Sharpe, Eric Tripp. In addition, the selection of a member to replace Howard Wetston is underway.
- In November 2016, the Board of Directors named Kevan Cowan as Chief Executive Officer of CMAIO and Chief Regulator of the future Authority. He will also be Chief Executive Officer of the Regulatory Division of the Authority.

s.13

Current litigation:

- In 2015, the government of Quebec posed two reference questions on the CCMRS initiative to the Quebec Court of Appeal (QCA) on the constitutionality of a single securities regulator as set out in the MOA and of the draft federal CMSA. Canada was the respondent opposing the Quebec government's position on both questions. BC intervened in the reference regarding the first question, supporting the constitutionality of the CCMRS initiative.
- In May 2017, the QCA released its decision,^{s.13}

s.13

- The federal government has filed a notice of appeal of the QCA decision with the SCC. Quebec has filed a notice of appeal with the SCC in relation to the second question of the decision.
- BC has also filed a notice of appeal with the SCC. This preserves BC's ability to participate in the case. ^{s.13} s.13,s.14

s.13,s.14

Decisions required:

s.13

ISSUE NOTE

Issue:

- BC's response to the federal *Genetic Non-Discrimination Act*.

Background:

- On May 4, 2017, the federal *Genetic Non-Discrimination Act* came into force.
- The Act penalizes the requirement of a genetic test as a condition of
 - providing goods and services to an individual,
 - entering into or continuing a contract with an individual, or
 - offering or continuing specific terms or conditions to an individual.
- This prohibition applies to all contracts, including insurance contracts.
- The Act also amends the *Canadian Human Rights Act* by adding "genetic characteristics" as a prohibited ground of discrimination, and the *Canadian Labour Code* to prevent discrimination against employees on the same ground.
- Manulife Financial Corporation contacted Ministry of Finance staff requesting that: (1) BC express its opposition to the federal bill; and (2) the provinces collaborate on developing a position on the issue of genetic discrimination. The Canadian Life and Health Industry Association (CLHIA), which represents life insurance companies in Canada, also met with government officials in BC and other provinces expressing opposition to the federal Bill.
- Prior to the passing of the *Genetic Non-Discrimination Act*, the BC Attorney General expressed her opposition to the bill on constitutional grounds in a letter to the federal Justice Minister. (That position was subsequently released in a letter from the Attorney General's Ministry to a member of the public.)

s.16

- The federal Justice Minister has publicly committed to referring this Act to the Supreme Court of Canada for a constitutional opinion. s.13

s.13

- The Legislature of Ontario is considering provincial legislation on this topic. A private member's Bill to amend the Ontario *Human Rights Code* has been referred to the Standing Committee on Justice Policy. Similar to the federal Bill, this bill proposes to include "genetic characteristics" as a prohibited ground of discrimination; however it permits discrimination based on genetic characteristics for a contract of automobile, life, accident or sickness or disability insurance if the contract would pay a benefit of more than \$1,000,000.
- BC has legislation that deals with the bases for discrimination by the insurance industry. The BC *Human Rights Code* permits discrimination on the basis of gender, disability and age for the purposes of determining premiums and benefits under an insurance contract. Insurance companies routinely adjust premiums and benefits for health factors (other than the result of genetic tests).

s.13

Decision required:

s.13

ISSUE NOTE

Issue:

- Development of a Federal/Provincial Taxation Framework for Cannabis

Background:

- The Government of Canada introduced legislation on April 13, 2017 to legalize and regulate cannabis. Canada has indicated that the regulatory framework for cannabis will be in effect on or before July 1, 2018.
- Under the legislation, the federal government will retain responsibility for production and processing of cannabis, including product packaging and labelling. Provinces and territories will have responsibility for the regulation of a distribution and retail model as well as public consumption and road safety. The Ministry of Public Safety and Solicitor General is leading an inter-ministry project to develop the provincial regulatory framework.

s.13,s.16

- The federal legislation does not include any provisions for a tax framework. ^{s.16}
s.16

s.13,s.16

s.13,s.16

- Other s.13,s.17 issues are :

s.13,s.16

Decision required:

- 90 Day issue
- s.13,s.16

ISSUE NOTE

Issue:

- Participation in cross-government working groups related to housing affordability.

Background:

- BC Finance has been participating in a cross-government working group on housing issues that has included the federal government, Vancouver, Ontario, and Toronto.

s.13

Decision required:

- 90 day issue
- Decisions may be required once details of the national housing strategy have been released.

s.13

Page 57

Withheld pursuant to/removed as

s.13

Page 58

Withheld pursuant to/removed as

s.14;s.13

ISSUE NOTE

Issue:

s.13

Background:

s.13

s.13

- Areas where revenue policy does not reside with the Minister of Finance include certain natural resource revenues such as oil and gas royalties, mineral tax and stumpage.
- In addition, certain aspects of revenue policy reside outside the authority of the Minister of Finance such as property assessment policy and certain aspects of film tax credits and the venture capital tax credit programs. For example, the Minister of Finance sets the film tax credit rates but film production certification is approved by another ministry.

s.13

s.12,s.13

Decision required:

- This is a 30 day issue.

s.12,s.13

ISSUE NOTE

Issue:

- Tax Liability of Leaseholders on Treaty Lands – The property taxation model for Treaty First Nations (TFN) is based on the provincial-municipal approach. s.13,s.16

Background:

- As part of the provincial treaty taxation mandate, TFNs who enter into a Real Property Taxation Coordination Agreement with the Province are able to become the property taxation authority for all residents on their Treaty Lands.
s.13,s.16

- Tax Policy Branch (TPB) staff engaged in a two-part technical discussion with the TFNs in late 2015, to ensure their understanding of the provincial municipal approach s.13,s.16

Decision required:

s.13,s.16

- This is a 90 day issue.

ISSUE NOTE
REVIEW OF THE FINANCIAL INSTITUTIONS ACT AND THE CREDIT UNION INCORPORATION ACT

Issue:

s.13

Background:

- The Ministry of Finance is currently undertaking a broad review of the *Financial Institutions Act* (FIA) and *Credit Union Incorporation Act* (CUIA). The FIA provides the regulatory framework for credit unions, insurance companies and intermediaries, and trust companies, and the CUIA provides the framework for incorporation and corporate governance of credit unions.
- The FIA/CUIA review is considering the regulatory tools BC has to oversee credit unions, insurers and intermediaries, and trust companies, and whether changes to the legislative and regulatory framework are needed. The goal of this regulatory framework is to maintain stability and confidence in the financial services sector by reducing the risk of failures and providing consumer protection.
- An effective regulatory framework helps to ensure that British Columbians continue to benefit from a financial services sector that is strong, stable, and inspires public confidence and trust. To ensure that the regulatory framework continues to be effective, efficient and modern, both the FIA and the CUIA contain a requirement that a review of the legislation be initiated every ten years.

Process to date:

- The Ministry released the FIA/CUIA review initial public consultation paper in 2015. The purpose of the paper was to seek input from stakeholders in the financial services sector, and other interested parties, for consideration as part of the review. The paper identified a number of issues and posed a series of questions related to each issue. Stakeholders were invited to provide input on those and any other issues with the regulatory framework they wished to be considered in the review.
- More than 40 written submissions were received in response to the initial public consultation paper. Submissions were received from the credit union system and individual credit unions, insurers and insurance sector and intermediary organizations and associations, trust companies, public sector organizations, businesses, banking and other organizations, and individual British Columbians.
- After the submission period ended, Ministry staff met with a number of stakeholders, including credit unions, insurance sector organizations, trust companies, individuals and others, to discuss their written submissions. The input provided by stakeholders was used to help inform the analysis of FIA/CUIA review issues and development of policy options.
- A public report on the stakeholder input received in response to the initial public consultation paper was released in 2016. The report and stakeholder submissions are posted on the Ministry website.

Current status and next steps:

s.13

s.13,s.16

Key issues for stakeholders:

s.13

Decision required:

s.13

Reports and Studies

Policy and Legislation

- Landcor has been providing tax policy data on paired sales (time between properties being purchased and sold). The data gives a very rough approximation of “flipping” activity. The data is available to the public and is supposed to be updated quarterly, but they are behind. The last update was May 4, 2017 with the next update likely September 2017. Here’s a link to the most recent data. <https://public.tableau.com/profile/bcpairedsalesdata#!/vizhome/BCPairedSalesAnalysis-v12-2016-07-14/PairedSalesSummaryTable>
- BC stats has been making our PTT data (including data on foreign purchasers) publicly available on roughly a monthly basis: <https://catalogue.data.gov.bc.ca/dataset/property-transfer-tax-data-2017>. The latest release of the data was June 28, 2017. The administrators at Property Taxation Branch have transferred over the past 10+ years of PTT data and BC Stats are still sorting through it.

EXECUTIVE MEMBER BIOGRAPHY

Heather Wood, Assistant Deputy Minister, Policy and Legislation Division



Heather Wood joined the BC Public Service in January 2011 as an Assistant Deputy Minister in Finance. Prior to this, she was an Assistant Deputy Minister in the Department of Finance with the Province of Manitoba for more than three years, with responsibility for the Taxation, Economic and Intergovernmental Fiscal Research Division in that province.

Heather joined the Manitoba Civil Service in 1997 as a research assistant while completing a joint Master's Degree in Public Administration at the University of Manitoba and the University of Winnipeg. She accepted a permanent position in the Manitoba Civil Service in 1999 as a management intern, working in a number of ministries over the course of the three-year program, including Health, Finance and Justice.

Heather then accepted a position as a Senior Policy Analyst in the Federal-Provincial Relations Secretariat, which was responsible for the development and coordination of Manitoba's federal-provincial and international relations strategies.

After secretly hoping to one day join the ranks of the wise persons in Manitoba Finance, Heather exchanged positions through a secondment with a colleague in Finance in 2005. She was then offered positions as a Manager and Executive Director, before competing for the position of Assistant Deputy Minister in 2007. Heather completed a leadership development course for Assistant Deputy Ministers offered by the Queen's School of Business while working for the Manitoba Government.

Heather has also been active in the past in the Institute of Public Administration of Canada, serving as the regional chair of the Manitoba Group, regional representative to the national Board of Directors, and Vice-President and Treasurer of the national Board.

Policy & Legislation Division

ADM Responsible: Heather Wood

Core Business/ Program Area Description/Critical Business Processes:

The **Policy and Legislation Division** provides policy analysis and advice to the Minister of Finance on taxation policy issues and in that respect, prepares significant components of the annual provincial budget. The Division also provides policy analysis and advice to the Minister of Finance and Cabinet committees regarding financial and corporate sector policy, and intergovernmental fiscal relations and manages strategic projects for the Ministry and Minister of Finance.

The Division consists of four branches:

- The **Financial and Corporate Sector Policy Branch** provides policy advice and analysis to the Minister of Finance on policy and legislation respecting financial institutions, securities law, pension standards, real estate and mortgage broker regulation, commercial personal property law and corporate law frameworks and develops associated legislation. The Branch also coordinates the Ministry's non-budget legislative plan and regulatory reform initiatives.
- The **Intergovernmental Fiscal Relations Branch** provides analysis and advice to the Minister of Finance in regards to federal-provincial fiscal relations, including the adequacy, fairness and effectiveness of the major federal transfers to provinces. The Branch provides support to the Minister and Premier for meetings with their federal, provincial, and territorial counterparts and provides estimates of federal-provincial transfers for purposes of negotiations. The branch also provides analysis and advice related to the provincial stewardship of the Canada Pension Plan as the BC Minister of Finance is a joint steward of the CPP along with other federal/provincial Ministers.
- The **Tax Policy Branch** provides tax policy analysis, options and advice to the Minister of Finance and implements government tax policy through legislation. The Branch identifies issues for budget consideration and prepares tax-related budget documents. In addition, the Branch supports the coordination of tax policy with other levels of government and ministries and negotiates the tax aspects of treaties and taxation related agreements with First Nations.
- The **Strategic Projects Branch** leads projects for the division or ministry that span various areas of the Division. Projects that are assigned to this branch often require close coordination with others (such as regulatory stakeholders) and very close coordination with the ADM of the Policy and Legislation Division as they involve complex stakeholder (industry and consumer protection) consultations.

Budget: 2017/18:

\$4,972,000

Full Time Equivalents (FTEs):

42.24

Related Legislation:

Financial & Corporate Sector Policy

<ul style="list-style-type: none">• <i>Business Corporations Act</i>• <i>Cooperative Association Act</i>• <i>Credit Union Incorporation Act</i>• <i>Creditor Assistance Act</i>• <i>Financial Institutions Act</i>• <i>Income Trust Liability Act</i>• <i>Insurance Act</i>• <i>Insurance (Captive Company) Act</i>• <i>International Interests in Mobile Equipment (Aircraft Equipment) Act</i>• <i>Manufactured Home Act</i>• <i>Ministry of Consumer and Corporate Affairs Act, (ss. 3, 4(a))</i>• <i>Miscellaneous Registrations Act, 1992</i>• <i>Mortgage Brokers Act</i>	<ul style="list-style-type: none">• <i>Mutual Fire Insurance Companies Act</i>• <i>Partnership Act</i>• <i>Pension Benefits Standards Act</i>• <i>Pension Fund Societies Act</i>• <i>Personal Property Security Act</i>• <i>Pooled Registered Pension Plans Act</i>• <i>Real Estate Development Marketing Act</i>• <i>Real Estate Services Act</i>• <i>Repairers Lien Act</i>• <i>Securities Act</i>• <i>Securities Transfer Act</i>• <i>Societies Act</i>• <i>Warehouse Lien Act</i>• <i>Warehouse Receipt Act</i>
---	--

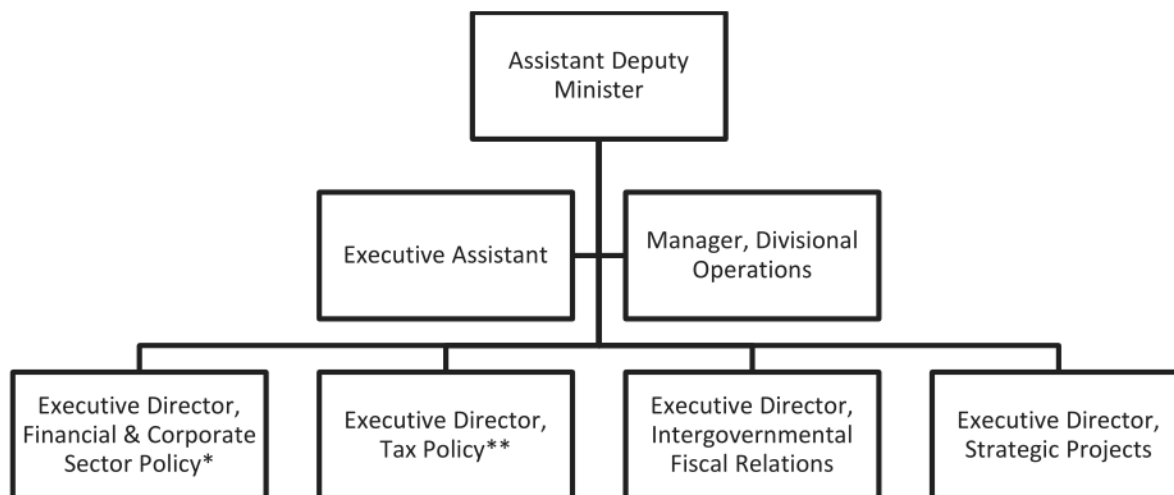
Tax Policy Branch has responsibility for tax policy in the following statutes administered by the Ministry of Finance.

<ul style="list-style-type: none">• <i>Carbon Tax Act</i>• <i>Home Owner Grant Act</i>• <i>Income Tax Act</i>• <i>Indian Self Government Enabling Act</i>• <i>Insurance Premium Tax Act</i>• <i>International Business Activity Act</i>• <i>Land Tax Deferral Act</i>• <i>Liquefied Natural Gas Tax Income Tax Act</i>• <i>Liquefied Natural Gas Project Agreements Act</i>• <i>Logging Tax Act</i>	<ul style="list-style-type: none">• <i>Motor Fuel Tax Act</i>• <i>New Housing Transition Tax and Rebate Act</i>• <i>Ports Property Tax Act</i>• <i>Probate Fee Act</i>• <i>Property Transfer Tax Act</i>• <i>Provincial Sales Tax Act</i>• <i>Sechelt Indian Government District Home Owner Grant Act</i>• <i>Taxation (Rural Area) Act</i>• <i>Tobacco Tax Act</i>
--	---

Tax Policy Branch has responsibility for tax policy in statutes administered by other ministries including:

<ul style="list-style-type: none">• <i>Assessment Act</i>• <i>British Columbia Transit Act</i>• <i>College and Institute Act</i>• <i>Columbia Basin Trust Act</i>• <i>Community Charter</i>• <i>Health Authorities Act</i>• <i>Hospital District Act</i>• <i>Hydro and Power Authority Act</i>• <i>Liquor Distribution Act</i>• <i>Local Government Act</i>	<ul style="list-style-type: none">• <i>Medicare Protection Act</i>• <i>School Act</i>• <i>South Coast British Columbia Transportation Authority Act</i>• <i>Tourist Accommodation (Assessment Relief) Act</i>• <i>Treaty First Nation Taxation Act</i>• <i>Trinity Western University Foundation Act</i>• <i>University Act</i>• <i>Vancouver Charter</i>
--	--

Organizational Chart:



*Financial Institutions, Securities, Corporate & Real Estate, Pensions & Personal Property Security, Corporate & Commercial

** LNG Income Tax & Housing, Consumption and Aboriginal Tax, Property Tax, Income Tax

BRIEFING NOTE
CROWN AGENCIES

Name: Financial Services Tribunal

Legislative Authority:

- *Financial Institutions Act*;
- *Credit Union Incorporation Act*;
- *Mortgage Brokers Act*;
- *Real Estate Services Act*;
- *Pension Benefits Standards Act*;
- *Real Estate Development Marketing Act*.

Mandate:

The Financial Services Tribunal (FST) was established in 2004 under section 242.1 of the *Financial Institutions Act*. Some sections of the *Administrative Tribunals Act* also govern appeals at the Tribunal.

The FST hears appeals from individuals and institutions who want to contest licensing, enforcement and certain other decisions made by the Insurance Council of British Columbia, Real Estate Council of British Columbia, Superintendent of Real Estate, Superintendent of Pensions, Registrar of Mortgage Brokers and Superintendent of Financial Institutions. It provides an avenue of appeal for those who believe that they have been wrongly limited in or denied the ability to work in one of the regulated occupations to which an appeal lies to the FST.

Responsibility for the administration of the FST (and many other tribunals that are being clustered together under various groupings) has been transferred to the Minister of Justice by Order in Council effective April 1, 2017. Responsibility for the legal framework for the appeals to the FST under the above noted legislation (e.g., what decisions may be appealed) remains the responsibility of the Minister of Finance.

Current Appointees:

- Theodore F. Strocel (Chair)
- Patrick F. Lewis (Vice-Chair)
- Wendy A. Baker

Appointments required:

- No appointments required within the next 90 days.

Issue(s):

- No issues identified.

Key Contact:

- Theodore F. Strocel
- Chair of Financial Services Tribunal
- (604) 807-0781

ISSUE NOTE

Canada Pension Plan

Issues:

- s.13

•

Background:

- On June 20, 2016 federal and provincial Ministers of Finance signed an Agreement-in-Principle (AIP) to enhance the CPP. By October, the AIP had been approved by all provinces except Quebec. BC provided its Order In Council (OIC) to the federal government on October 3, 2016, ratifying the AIP.
- Federal legislation to implement the CPP enhancement (Bill C-26) was passed by Parliament in the fall of 2016 and was given Royal Assent in December.
- Provincial OICs signaling support for the federal legislation were completed in February 2017. BC provided its OIC on January 30, 2017. Federal legislation was enacted by Governor in Council (federal equivalent to provincial OICs) on March 2, 2017.
- Like the base CPP, employer and employee contributions are shared equally, and the self-employed pay both portions. Once the enhancement is fully matured, the CPP will provide workers with between one-third and one-half more in retirement benefits than the current CPP (based on career earnings).
- To achieve this, the CPP enhancement gradually increases the CPP income replacement rate on insurable earnings from one-quarter to one-third beginning in 2019 by:
 - Raising contributions from 9.9% to 11.9% on the Years Maximum Pensionable Earnings (YMPE) over five years (2019 to 2023); and
 - Creating a new Upper Earnings Limit for wages above the YMPE. The Upper Earnings Limit will be 14% higher than the YMPE, with contributions set at 8%. These changes will occur over a two-year period (2023 to 2025). The Upper Earnings Limit is estimated to be \$79,400 in 2025.

2016-2018 Triennial Review:

- s.13

- Supplementary benefits include survivor's pensions, disability pensions, death benefits, and low-earnings drop out provisions. Collectively, these benefits account for over 20% of the cost of the CPP.

s.13

s.13

CPP Enhancement Regulations:

s.13

- See the next page for the CPP 2017 Summary Statistics.

CANADA PENSION PLAN 2017 SUMMARY STATISTICS

CONTRIBUTIONS

Contribution rate ¹ :	9.9%
Maximum annual contribution ¹ :	\$5,128
Range of earnings for contributions:	YBE to YMPE
• Year's Basic Exemption (YBE)	\$3,500
• Year's Maximum Pensionable Earnings (YMPE)	\$55,300

BENEFITS

Earnings replacement rate (up to YMPE):	25%
Maximum annual retirement benefit:	\$13,370
Average annual retirement benefit at age 65:	\$8,221

FACTS

Number of contributors ² :	14 million
Number of beneficiaries ^{2,3} :	7.27 million
Retirement ⁴	5.27 million
Disability	400,000
Survivor	1.23 million
Children	219,000
Death	146,000
CPP Fund net assets ⁵ :	\$316.7 billion
CPP Fund 10-year annualized rate of return ⁵ :	6.7%

¹ Split equally between employee and employer. Self-employed pay both shares.

² Source: 27th Actuarial Report on the Canada Pension Plan, Office of the Chief Actuary. Projections as at December 31, 2015.

³ A beneficiary who receives a retirement and a survivor's benefit, or a disability and survivor's benefit concurrently is counted in each category.

⁴ Does not take into account that a retirement pension can be shared between spouses.

⁵ Source: CPPIB Annual Report as at March 31, 2017.

ISSUE NOTE

Federal-Provincial-Territorial Finance Ministers Meeting

Issue:

- Canada's Finance Ministers met in June and discussed the economic outlook, monetary policy and the fiscal situation of governments following their spring budgets. As well, they discussed Canada-U.S. relations, cannabis taxation, tax system integrity, corporate and beneficial ownership transparency, and the Canada Pension Plan.
- The next meeting of FPT Finance Ministers will take place in December in Ottawa.

Background:

- Federal, provincial and territorial Finance Ministers generally meet twice-yearly, usually in June and December. These meetings are called by the federal Minister, who sets the date, location and agenda.
- Finance Ministers' meetings typically start with a private, Ministers-only dinner meeting. Deputy Ministers also meet as a group for dinner, as do attending chiefs of staff (Ministerial assistants) and senior officials.
- The following day is a full-day meeting of Ministers and includes DMs, chiefs of staff and officials. As chair of the meeting, the federal Minister sets the official agenda, s.13,s.16

s.13,s.16

s.13,s.16

However, the meeting agenda is usually broad enough to allow provincial and territorial Ministers sufficient scope to raise any issue they wish.

- Meetings tend to proceed as follows:
 - The Governor of the Bank of Canada provides an update on the global economy and Canadian monetary policy, followed by a presentation on the federal fiscal and economic outlook by the federal Minister of Finance.
 - Specific agenda items are discussed.
 - There is a roundtable session to give each Finance Minister an opportunity to report on the fiscal and economic situation in his/her respective jurisdiction and to raise issues not included in the formal agenda.
 - After the meeting, there is a media scrum for Ministers. While there is typically no joint communique, often there is an agreed-upon set of speaking points from which Ministers may draw. The federal government typically issues its own news release.
- The Ministry prepares a briefing book for BC's Finance Minister that includes an annotated agenda and briefing notes that address the range of issues expected to be raised at the meeting.

ISSUE NOTE

Issue:

- Ministerial approval in principle and consent to British Columbia Securities Commission (BCSC) rules (including amendments to existing rules).

Background:

- The Rule Making Procedure Regulation under the *Securities Act* governs the BCSC's exercise of its rule-making power. There is a two-step procedure under the Regulation that the BCSC must follow before it is able to submit a rule to the Registrar of Regulations for deposit.
- First, a Ministerial decision to approve, in principle, a proposed rule is required within 30 days of the Minister's receipt of a proposed rule from the BCSC. If the Minister approves the proposal, the BCSC can publish the rule for public comment over a minimum 60-day comment period. If the Minister makes no decision within 30 days, the BCSC may proceed to publish the proposed rule but must include a notice that the Minister's approval has not been obtained by the date of publication. In practice, the Ministry and BCSC closely coordinate with each other to ensure the Minister always has the opportunity to make a decision within the 30-day time period.
- Second, a Ministerial decision on a final rule is required within 60 days of the Minister's receipt of the final rule. If a decision is not made within 60 days to approve or reject a rule, the Minister is deemed to have consented to the rule and the BCSC may submit the rule to the Registrar of Regulations for deposit. In practice, the Ministry and BCSC closely coordinate with each other to ensure the Minister always has the opportunity to make a decision within the 60-day time period.
- Most of the BCSC rules are National Instruments which are developed by provincial securities regulators (the Canadian Securities Administrators or CSA) in concert. As such, the timing for publication, comment and implementation of rules is generally coordinated across the country.
- The BCSC Board approved the following on May 4 and intends to seek ministerial **approval in principle** to publish for comment as soon as possible:
 - Proposed amendments to **National Instrument 81-102 Investment Funds** and a consequential amendment to **National Instrument 81-104 Commodity Pools** to shorten the standard settlement cycle for conventional mutual funds from three days after the date of a trade to two days after the date of a trade.
 - Proposed amendment to **National Instrument 45-106 Prospectus Exemptions** to amend the report of exempt distribution set out in Form 45-106F1 Report of Exempt Distribution.
- The BCSC will seek ministerial **approval in principle** of a proposed **Rule - Binary Options** and publish the instrument at a later date. This rule creates a prohibition on trading some types of derivatives, commonly known as binary options, to address certain fraudulent activities. This project has been expedited by some jurisdictions, which published a draft instrument for comment in April.
- Proposed amendments to **National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations** and **National Instrument 33-109 Registration Information and Related Forms** are expected to go to the Minister for **final approval** shortly after the

projected June 29 BCSC Board meeting (late June / early July). The amendments enhance custody requirements, clarify activities that may be conducted by exempt market dealers, and incorporate certain temporary relief granted by the CSA relating to the client relationship model phase 2 requirements.

- Proposed amendments to **National Instrument 24-101 Institutional Trade Matching and Settlement** have been approved by the BCSC Board, and will be sent to the Minister in June or early July. ^{s.13}
s.13
- The BCSC Board will likely seek ministerial **approval in principle** for the proposed **National Instrument 95-101 Derivatives: Margin and Collateral** in late summer 2017 and, if approved, publish for comment shortly after that. This instrument establishes specific requirements to exchange margin and hold collateral for uncleared derivatives.

Decisions required:

- **30 day issues:**
 - Approval in principle of National Instrument 81-102 Investment Funds and a consequential amendment to National Instrument 81-104 Commodity Pools.
 - Approval in principle of proposed Rule – Binary Options.
 - Approval in principle of National Instrument 45-106 Prospectus Exemptions.
- **60 day issues:**
 - Final approval of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and National Instrument 33-109 Registration Information and Related Forms.
- **90 day issues:**
 - Final approval of National Instrument 24-101 Institutional Trade Matching and Settlement.
 - Approval in principle of National Instrument 95-101 Derivatives: Margin and Collateral.

s.13

Overview of the Budget Process

Tax Measures

Budget Process Overview

- The Minister of Finance has responsibility for tax policy decisions. The Minister may choose to consult with others, including Cabinet.
- By long-standing convention, tax policy changes are almost always made through the budget process.

Timing

- Currently, the budget date is legislated as the third Tuesday of February. In the year of a general election, if the February Budget did not pass, another budget must be presented to the Legislature within 90 days following the swearing in of a new Cabinet.

Typical Timeline for February Budget – Tax Measures

August /Early September	Pre-budget consultations
September /November	Draft notes for decision, including s.13 s.13 if requested
November / December	Minister briefings for decision
November / January	Legislation and regulations drafted
December /January	s.13
January /February	Budget documents drafted
February	Budget day (third Tuesday of February)
February /April	Legislative process to enact budget legislation; regulations approved by Cabinet

Process

- All tax policy issues for consideration are reviewed by the Tax Policy Branch of the Ministry of Finance. Reviews will take into consideration tax policy principles (see Appendix) and include qualitative and quantitative analysis.
- s.13
- Tax policy issues for consideration in the budget are generally presented to the Minister for decision in November and December for a February budget. In a typical year, the Minister of Finance may receive 25 to 50 issues for decision; presented in 1 to 4 page briefing notes.
- Given the quantity of briefing notes, the notes are generally compiled into a series of binders called “tax measures binders” (sometimes called “revenue binders”).

- The binders are generally structured either by tax type or by “major” and “minor”, and include a taxpayer request table, summary of pre-budget consultations and background information such as interprovincial tax rate comparisons.
- A series of meetings between Tax Policy Branch staff and the Minister of Finance are scheduled in November and December to work through the tax measures binders to get decisions on the various budget issues. This is an iterative process which may not be completed until early January.
- The Minister of Finance may choose to consult with others as part of the Minister’s decision making, including Cabinet.
- Decision notes are prioritized with a view of ensuring there is sufficient time to draft the required legislation and regulations to implement the Minister’s decisions.

s.13

Decisions and Implementation

- The Minister of Finance’s decisions to proceed with tax policy changes are generally announced on Budget Day.
- A decision to not proceed with a tax change requested by stakeholders or taxpayers is revealed by the omission in Budget documents of any reference to the tax change.

APPENDIX

TAX POLICY CONSIDERATIONS

Constitutional Considerations

- Must be a direct tax within the province
- Impact of federal jurisdiction/legislation

Under Canada's federal system, where the federal government has exclusive jurisdiction those laws trump provincial legislation even with respect to taxation.

Evaluation Criteria

The following is a list of tax policy criteria that are used to evaluate tax measures.

Note: Not all of these criteria need to be used for the evaluation of any particular tax policy change.

Equity / Distributional Impacts

The concept of equity is generally broken down into two main components:

- horizontal equity and
- vertical equity.

Vertical equity considers the progressivity of proposed tax changes.

Horizontal equity considers the impact of the tax changes on taxpayers who are considered to be in similar circumstances.

Evaluation of the equity of a proposed tax change must consider the tax system as a whole, not just the particular tax where the change is being considered.

Economic Impacts

Options for tax changes are evaluated based on their overall economic impact on competitiveness of the BC economy or sub-sectors of it, including impacts on GDP, inflation, and employment.

Efficiency

Efficiency refers to the degree to which a tax policy may affect the economic decisions of individuals and businesses. Typically, a tax is considered to be more efficient if it creates a smaller distortion on behaviour and is less efficient if it creates a greater distortion on behaviour. Some tax decisions may distort behaviour more than others and are therefore less desirable; though some specific taxes, such as the carbon tax, are specifically designed to change behavior.

Simplicity (easy to understand and administer)

Options for tax changes are evaluated on the basis of an individual/business's ability to understand and comply with the change and the province's ability to administer the change, including under the Province's tax collection agreement with the federal government.

A complex tax system can be more difficult and costly to comply with for both individuals and businesses and can be more expensive to administer for government.

A simple tax system is also seen as more transparent and less prone to tax uncertainty, which can be a competitive advantage.

Public Acceptability

The reaction of taxpayers affected by the change and of the general public is considered in the evaluation of options for tax changes.

Revenue Cost / Predictability

Options for tax changes are also evaluated based on the potential revenue impacts, including the direct revenue gain or loss and associated risks to revenue (gain or loss) and potential indirect impacts.

Precedent

Precedent refers to potential precedents created by the options for tax changes that may lead to pressure for additional changes in the future. Small changes can lead to a significant, but unintended, degree of policy change over time, with significant revenue and other impacts if a decision triggers requests from others for similar or related tax changes.

Issue Note

Issue:

s.13

Background:

- The Act, which set out the key components of the LNG Income Tax received Royal Assent on November 27, 2014 but has not been brought into force.
- When brought into force the Act will impose an income tax on net income from liquefaction activities at LNG facilities in BC. The tax rate on net income will be 3.5%, rising to 5% in 2037.
 - The tax applies to an LNG income tax taxpayer's net income – income determined after a taxpayer has generated enough income to recover its net operating losses and its capital investment.
 - While net operating losses and capital investment accounts are being deducted, a tax of 1.5% applies to the taxpayer's net operating income.
 - The tax applies to an LNG income tax taxpayer on a facility-by-facility basis.
 - BC also brought in the natural gas income tax credit under the *BC Income Tax Act* for corporations that own natural gas at an LNG facility inlet and have a permanent establishment in the province. The credit is 3% of the cost of natural gas at the LNG facility inlet. The maximum credit that can be claimed in a year is an amount that would effectively reduce the BC general corporate income tax rate to as low as 8%.

s.13

- To date, no major project has made a positive final investment decision. There are currently three small proponents with some activity:
 - Fortis has two existing LNG facilities.
 - Woodfibre LNG has announced it will be going ahead with its LNG export facility in Squamish. To the best of Tax Policy Branch's knowledge construction has not yet started on the facility.

- Altagas which has begun construction of a small LNG facility in Dawson Creek.

s.13

Decision required:

- **This is a 90 day issue.**

s.13

ISSUE NOTE

Issue:

s.12,s.13

Background:

- The cooperative capital markets regulatory system (CCMRS) is a cooperative effort between the governments of BC, Canada, Ontario, Saskatchewan, New Brunswick, Prince Edward Island, and Yukon to regulate the securities industry in Canada. For more information on the CCMRS, see the "Cooperative Capital Markets Regulatory System Initiative" Ministry transition note (attached).

s.13

s.13,s.14

A. Investment Industry Regulatory Organization of Canada's (IIROC's) Requests

- IIROC is a national self-regulatory organization (SRO) responsible for setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered salespersons. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian securities marketplaces, including the TSX Venture Exchange.
- IIROC is tasked with its responsibilities by the various provincial and territorial securities regulators through recognition orders made under the *Securities Acts* of each jurisdiction. Only the types of responsibilities/powers that are listed in the *Securities Act* can be delegated to IIROC under the recognition orders. ^{s.13}

s.13

- IIROC has requested the following expanded powers:
 - 1) Allow IIROC's hearing panel decisions to be enforced in court (fine enforcement power);
 - 2) Provide limited statutory immunity for IIROC (statutory immunity); and
 - 3) Allow IIROC to compel evidence during investigations and at hearings (power to compel).

s.13

- The Ontario government, as part of the 2017 Ontario budget, provided IIROC with the fine enforcement power. Alberta has provided IIROC with the fine enforcement power, statutory immunity, and the power to compel. Quebec has provided IIROC with the fine enforcement power.

s.13

B. Over the Counter (OTC) Derivatives

- Over-the-counter derivatives are derivatives contracts that are traded directly between parties without going through an exchange, and represent the largest trading market for derivatives.
- The 2008 financial crisis highlighted the risks of derivatives trades to global financial markets. In response, the G20 nations committed to reforming derivatives markets in 2010.
- Although BC accounts for only a small portion of the Canadian derivatives market, the BCSC has created rules together with all other securities regulators in Canada to create a harmonized regime that meets the 2010 commitments.

s.13

Decision required:

- **90 day issue** - s.13

s.13

s.13

The Ministry will provide additional information/briefing materials so that the Minister of Finance has comprehensive information about each issue when making the requested decisions.

ISSUE NOTE

Issue:

s.13

Background:

- All defined benefit pension plans registered in BC are required under the *Pension Benefits Standards Act* to file a valuation report at least every three years. The valuation report is used to determine the adequacy of plan funding based on two measures: the “going concern” funded position of the plan and the solvency position of the plan.
- The going concern funded position of the plan is based on the assumption that the plan will continue to exist indefinitely into the future. If a funding shortfall is identified, the employer or employers must make additional contributions to the fund so the shortfall will be fully funded over 15 years.
- The solvency position of the plan is based on the assumption that the plan must wind up and pay all benefits immediately, typically by purchasing an annuity for all members that is equivalent to the members’ expected pension benefits.
- If a solvency shortfall is identified, the employer or employers must make additional contributions to the fund so the shortfall will be fully funded over five years.
- The cost of purchasing annuities (and therefore, the solvency funding requirement) increases when long term bond rates are low.
- Low long-term Government of Canada bond rates and volatile investment returns since the 2008 global financial crisis are threatening the sustainability of traditional defined benefit pension plans in Canada. Stephen Poloz, Governor of the Bank of Canada, commented in April 2016 that long-term bond rates used to determine solvency liabilities for pension plans will remain low and, “Those in the pension business need to get used to it. They need to adapt to it.”
- Immediate relief was provided to BC’s defined benefit pension plans on October 25, 2016, by enabling plan administrators to apply to extend the amortization period for solvency payments from five years to ten years. Plans that prepare actuarial valuation reports as of December 31, 2015 to December 31, 2017 are eligible.

s.13

- In January 2016, Quebec eliminated solvency funding requirements, replacing them with an enhanced going concern funding test s.13

s.13

s.13

Before 2016, solvency funding requirements had been consistent across Canada since their introduction in the 1980s.

- The Canadian Association of Pension Supervisory Authorities (CAPSA) included, as one of six priorities in its 2016-19 Strategic Plan, the development of recommendations for a common regulatory approach to the funding of defined benefit-type pension plans. s.13,s.16

s.13,s.16

- Ontario announced a review of solvency funding in its 2016 Budget, which has included:
 - The appointment of David Marshall, the former head of the Workplace Safety and Insurance Board, to lead the consultations;
 - The establishment of an 8-member stakeholder reference group consisting of lawyers, actuaries, employers, a union and a retiree association;
 - The release of a consultation paper in July 2016, with comments due at the end of September.
- Ontario's consultation has included advice from subject matter experts, as well as roundtable discussions with representatives of employers, labour, retirees, broader public sector employers and administrators of public sector jointly sponsored plans.
- The Ontario budget released on April 27, 2017 indicated that the guiding principles of Ontario's proposed reforms are to be released for public comment in late spring, with draft regulations to follow in fall 2017. The other reforms would make changes that BC has already implemented, such as discharging plan administrators of liability for purchases of annuities for members.
- On May 19, 2017, Ontario announced the guiding principles for a new funding framework for its defined benefit pension plans. Legislation to be introduced in fall 2017 will require funding on an enhanced going concern basis, which includes a funding buffer for adverse plan experience. The new framework will eliminate the solvency funding requirement for well-funded plans, but will maintain the requirement for plans that are less than 85 per cent funded. ^{s.13}
- The Ontario budget also indicated that draft regulations in two other pension standards areas are to be released in fall 2017 ^{s.13}

Decision required:

- **60 day issue** – ^{s.13}

ISSUE NOTE

Issue:

s.16

Background:

1. **Bill S-201 – the Genetic Non-Discrimination Act** – recently passed third reading in the House of Commons, despite advice provided by the federal Justice Minister that the Bill's provisions amount to an impermissible intrusion into provincial jurisdiction. The legislation purports to prohibit any person, including an insurance company in respect of a life insurance contract, from requiring a person to undertake a genetic test, or from requiring an individual to disclose the results of a genetic test as a condition for entering into a contract. The life insurance industry opposes the Bill because, although life insurers indicate they never require a person to undertake a genetic test, they believe it is important that a person be required to disclose the results of a genetic test to the insurer for underwriting the risk of the insurance, especially for large-value insurance contracts.
 - The regulation of insurance contracts and their terms and conditions is within the exclusive jurisdiction of provincial governments. The federal Minister of Justice may be considering whether to refer the legislation to the Supreme Court of Canada to determine if Parliament has the constitutional power to enact it. s.13
- s.13

2. **Potential Federal Bank Act amendments** – s.16

s.16 was included in last year's budget implementation bill (**Bill C-29**), which would have amended the *Bank Act* to adopt a comprehensive and exclusive federal consumer protection framework for federal banks. It was designed to exclude provincial consumer protection laws of general application, which the courts have found may apply to the banks. It included, apparently for the first time in federal legislation, an **express paramountcy clause** providing that the new Part "is intended to be ... paramount to any provision of law or regulation of a province that relates to the protection of consumers or to business practices with respect to consumers." s.13,s.16

s.13,s.16

s.13,s.16

s.13,s.14

s.13,s.14

s.13,s.16

3. **The use of the term "banking"** – Most recently, the federal regulator, the Office of the Superintendent of Financial Institutions (**OSFI**), s.13,s.16
s.13,s.16

s.13

s.13

s.13

Decision required:

s.13,s.16

PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT

Ministry of Finance: Public Sector Employers' Council Secretariat

The Public Sector Employers' Council Secretariat is created under the *Public Sector Employers Act*, and reports to the Minister of Finance as the Minister Responsible for the Act.

Ministry Mandate:

The Public Sector Employers' Council Secretariat is the central agency supporting government on all issues related to public sector collective bargaining, as well as non-union compensation.

Labour Relations - The PSEC Secretariat provides strategic advice on the development of mandates for collective bargaining and labour relations strategies, and implements those mandates and strategies through employer bargaining agents and employers across the provincial public sector, including health, K-12, Crown corporations, community social services, post-secondary, including colleges, institutes, teaching and research universities, as well as the core Public Service.

Excluded and Executive Compensation - The PSEC Secretariat supports the Minister by working with public sector employers to establish and implement compensation policies and plans for non-union employees such as managers and executives (including CEOs). It is responsible for coordinating the annual statutory disclosure of executive compensation for 120 public sector employers.

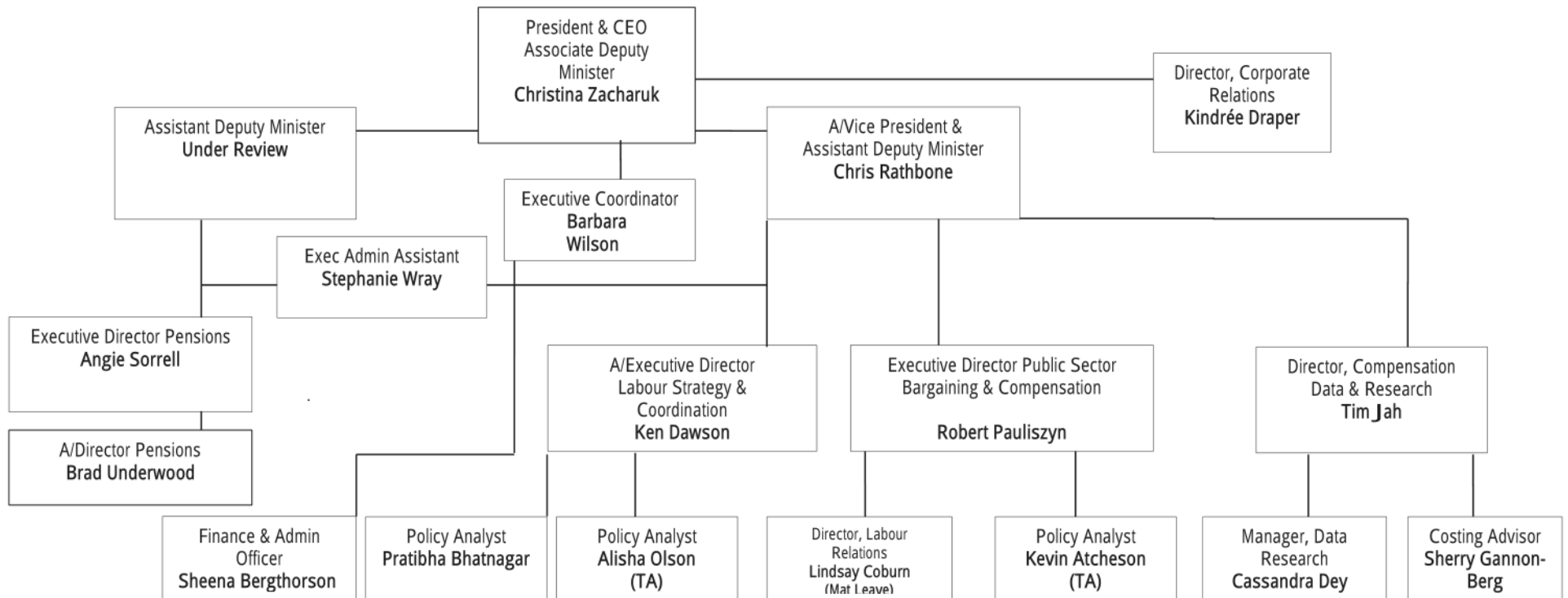
Public Sector Pension Plans - The PSEC Secretariat represents government in its role as a partner under the *Public Sector Pension Plans Act* and the joint trust arrangements established for the four major public sector pension plans. This includes working with other partners to the pension plans to achieve the goals of the plans in a sustainable manner, monitoring government's risk exposure and providing policy advice to both government and public sector employers. It also supports Treasury Board by chairing and providing secretariat support to a committee established by Treasury Board to administer remuneration of appointees to provincial government boards and tribunals.

2017/18 Budget:

\$16.6M, including grants to employers' associations of \$14.2M (Secretariat operating budget: \$2.4M)

Full-Time Equivalents (FTEs): 16

Public Sector Employers' Council Secretariat Organizational Chart:



EXECUTIVE MEMBER BIOGRAPHY



Chris Rathbone
A/Assistant Deputy Minister
Public Sector Employers' Council Secretariat
Ministry of Finance

Chris Rathbone has more than a decade of progressively senior experience in B.C.'s Public Service, and more than six years contributing to the collective bargaining process. As Acting Assistant Deputy Minister for the Public Sector Employers' Council Secretariat, Chris is responsible for coordinating labour relations across the provincial public sector, as well as managing and implementing excluded employee compensation. Chris sits on the board of the Community Social Services Employers' Association and the Crown Corporation Employers' Association.

In addition to his work in the Public Service, Chris has also spent time working at a B.C. Crown Corporation and an Independent Office of the Legislature.

EXECUTIVE MEMBER BIOGRAPHY



Christina Zacharuk
President & CEO
Public Sector Employers' Council Secretariat
Ministry of Finance

Christina Zacharuk is the President & CEO of the Public Sector Employers' Council Secretariat, Ministry of Finance.

Christina joined the BC Public Service in 2004 and moved to PSEC Secretariat in 2005. She has over a decade of experience in every aspect of public sector bargaining. In addition, she has broad expertise in policy development, including corporate governance, strategic labour relations, executive and exempt compensation across the public sector.

In February of 2012, she was asked to lead the transition of the independent College of Teachers to the Teacher Regulation Branch at the Ministry of Education. Two years later, she returned to PSEC Secretariat to help lead the implementation of the 2014 Economic Stability Mandate under which 99.9% of public sector employees have now settled. Recently, she led the negotiations with the BC Teachers' Federation to reach the Memorandum of Agreement with respect to the Supreme Court of Canada's decision in November 2016.

Christina is a government-appointed director on the boards of the Health Employers' Association of BC, the Post-Secondary Employers' Association, the University Public Sector Employers' Association, and the Crown Corporation Employers' Association.

Christina graduated from the University of Victoria with a Bachelor's degree (Hons) in Sociology and she has a Master's degree in Public Administration, with co-op experience at both the federal and provincial levels of government.

PSEC Non Union Compensation

ADM Responsible: Chris Rathbone

Non-union/Excluded Compensation

B.C.'s public sector has approximately 384,000 employees, about 73,000 are non-union, which includes people working in management, exempt and executive positions at both unionized and non-union employers including the direct Public Service, Crown corporations, research universities, post-secondary institutions, K12 school districts and health authorities. Over 29,000 of these are excluded management and executive employees, and approximately 44,000 are unionized equivalents. These positions represent about \$4.67B in total compensation costs. Coordination of non-union and executive compensation ensures consistency, transparency, and predictability as contemplated by the *Act*.

The *Public Sector Employers Act* allows the Minister Responsible for PSEC Secretariat to direct employers' associations or public sector employers to create compensation plans for non-union employees in their sector. The *Act* authorizes the PSEC Secretariat to review, and for the Minister responsible to approve, all proposed employment contracts for excluded employees. The request may focus on certain groups of non-union employees, or it may focus on all excluded and executive employees. The PSEC Secretariat assists the Minister in implementing the *Act* by working with employers and employers' associations as they prepare compensation plans, coordinating the preparation of plans, and advising the Minister on proposed plans for approval. The *Act* also includes the *Employment Termination Standards* regulation that addresses such areas as the amount of severance that can be paid to employees, appropriate use of retirement allowances, repayment of excessive severances, and re-employment in the public sector.

In 2012, fiscal conditions necessitated an excluded compensation freeze across the broad public sector. In 2014, the BC Public Sector Compensation Review report commissioned by government recommended government take action to ensure greater consistency in compensation practices and levels across the provincial public sector. In support of this recommendation, employers adopted a common public sector compensation philosophy, with core principles and consistent benchmarking practices for the purposes of compensation. As part of the recommendations, employers were consulted to verify where they were experiencing challenges of compression, inversion and retention of high-performing excluded employees existed. To address this an approach to begin the measured exit from the compensation freeze began. In 2015, with 99.9% of the unionized public sector settled with agreements reached under the Economic Stability Mandates, employers received approval to provide modest, in-salary range movement to address compression, inversion, or recognize performance of excluded employees (to a maximum of 2% per year) beginning in 2015.

PSEC Executive Compensation

ADM Responsible: Chris Rathbone

Executive Compensation:

B.C.'s public sector has approximately 73,000 non-union employees, which includes people working in management, exempt and executive positions at both unionized and non-union public sector employers including the direct Public Service, Crown corporations, research universities, post-secondary institutions, K12 school districts and health authorities. Over 29,000 of these are excluded management and executive employees, and approximately 44,000 are unionized equivalents. These positions represent about \$4.67B in total compensation costs. Coordination of non-union and executive compensation ensures consistency, transparency, and predictability as contemplated by the Act.

The *Public Sector Employers Act* authorizes the PSEC Secretariat to review, and for the Minister responsible to approve, all proposed employment contracts for excluded employees prior to implementing a formal offer. Public sector boards are responsible for determining CEO compensation which must be in compliance with the framework approved by the Minister and within the approved total compensation maximums. In 2007, CEO total compensation maximums were communicated to public sector employer board chairs via Ministers Responsible. These maximums have been periodically individually reviewed, often on re-appointment. To avoid the maximums becoming 'floors' during board compensation discussions with CEOs, the maximum amounts are not public information. The PSEC Secretariat works closely with the employers to ensure the terms of the proposed contracts have the appropriate benchmarks, that they provide clarity on all elements of compensation, including leaves, holdbacks and perquisites, and that they adhere to B.C.'s legislation and policies. For all CEO contracts, the PSEC Secretariat also ensures there has been adequate consultation between the Board Chair and the Minister responsible for the organization and that the Minister supports the proposed offer and appointment.

In 2008, amendments were made to the Act to improve transparency and required public sector employers to annually disclose executive compensation paid to the CEO and the four highest ranking/paid executives of an organization who earn a base salary of \$125,000 or more. Submitted to the President & CEO of the PSEC Secretariat, disclosure of total compensation includes base salary, benefits, pension contributions, perquisites and holdbacks, as well as an explanation of the employer's compensation philosophy, the objectives, how it relates to the organization's performance targets and how the actual compensation paid relates to all of the above. PSEC Secretariat coordinates the broad disclosure and provides the Minister of Finance with an analysis of all the compensation data provided in that fiscal year, and is typically released at the same time as the Public Accounts in July. The 2016/17 disclosure will be the 10th year of this transparent process in which B.C. is a leader amongst all the provinces.

PSEC Labour Relations

ADM Responsible: Chris Rathbone

Labour Relations:

In 1993, the Korman Commission of Inquiry into the Public Service and Public Sector found the decentralized bargaining structure then in place to be too costly and inefficient. This led to the enactment of the *Public Sector Employers Act* (the Act), which provides government with the means to manage and coordinate bargaining and compensation for the health, social services, K-12 education, public service, research universities, post-secondary, and Crown corporation sectors through one central agency — the Public Sector Employers' Council Secretariat.

Under the authority of the Act, the PSEC Secretariat administers and manages the development and implementation of strategic labour relations policies and practices in the provincial public sector. It advises government on mandates for collective bargaining and labour relations strategies, and implements those mandates and strategies through public sector employer bargaining agents and employers. Provincial mandates in B.C. lay out the broad terms for bargaining consistent across all sectors. Employers must conduct their negotiations within this mandate framework, and employer-specific elements of bargaining must receive government approval.

Currently, British Columbia's public sector consists of about 384,000 union and non-union employees working in diverse fields for approximately 600 employers. The government and public sector employers spend about \$26.7 billion, equivalent to 56 per cent of the Province's budget on compensation annually. About \$22 billion, or 82 per cent of these costs, are determined through collective bargaining for B.C.'s 310,000 unionized employees who are covered by 182 agreements. As of March 31st, 99.9% of public-sector employees are covered by tentative and ratified agreements negotiated under the Economic Stability Mandate.

The *Public Sector Employers Act* required that each of the six sectors establish an employers' association. The provincial public service (core government and ministries) are coordinated through the BC Public Service Agency. The six associations are:

- Health Employers' Association of British Columbia
- British Columbia Public School Employers' Association
- Community Social Services Employers' Association
- Post-Secondary Employers' Association
- Crown Corporation Employers' Association
- University Public Sector Employers' Association

As the central agency coordinating union and non-union compensation across the public sector, government is able to reconcile the core interests of allowing unions to bargain directly with employers' associations and employers while ensuring that government's policy direction and the needs of taxpayers are respected.

Over the course of the past 20 years, the PSEC model has continued to evolve in support of greater transparency, coordination, and consistency in compensation decisions and bargaining outcomes, supported by solid data and research.

PSEC Public Sector Pension Plans

Public Sector Pension Plans:

The Public Sector Employers' Council Secretariat (PSEC Secretariat), as a central agency in the Ministry of Finance, supports government in setting and coordinating strategic directions in human resource management and labour relations for the broad public sector. This includes representing government in its role as a partner under the *Public Sector Pension Plans Act* and the joint trust arrangements established for the four large public sector pension plans in 2000/01: Teachers', College, Municipal and Public Service. The Minister Responsible for the Act is the Partner. The PSEC Secretariat represents the minister as Partner in the day-to-day business.

Government's role in the four public sector pension plans is established in the *Public Sector Pension Plans Act* and joint trust agreements. The four plans currently have approximately \$98.5 billion in assets and represent about 547,000 active and retired members.

In representing government in its role as a partner in the plans, PSEC Secretariat's Executive Director of Pensions works with other partners, employers, the Boards of Trustees, and other key stakeholders to the pension plans to achieve the goals of the plans in a fiscally sustainable and equitable manner, monitoring government's risk exposure and providing policy advice to both government and public sector employers.

The PSEC Secretariat, through its Executive Director Pensions, also supports the Minister of Finance in his role as the B.C. Steward to the Canada Pension Plan.

Budget: Part of PSEC Secretariat's overall budget

Full Time Equivalent (FTEs): 1

Related Legislation:

Public Sector Pension Plans Act

Organizational Chart:



PSEC Secretariat - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
BCPSEA	BC Public School Employers' Association	Michael Marchbank Public Administrator Tel: 604 587-4624 Michael.marchbank@fraserhealth.ca Renzo Del Negro Chief Executive Officer Tel: 604 730-4511 renzod@bcpsea.bc.ca	Public Administrator appointed in 2013 to temporarily replace the Board of Directors BCPSEA is the accredited bargaining agent for boards of education.	<ul style="list-style-type: none"> Bargaining plan approvals for BCPSEA to negotiate collective agreements with the BC Teachers' Federation (BCTF); and unions representing support staff (CUPE and SD 34 Teamsters). Executive and exempt compensation plans for the Province's 60 public school districts. 	c/o Fraser Health Authority Suite 400, Central City Tower 13450 – 102 nd Street Surrey BC V3T 0H1 400 – 1333 West Broadway Vancouver BC V6H 4C1
	BC Association of School Business Officials (BCASBO)	Kelvin Stretch President Tel: s.22 kstretch@sc73.bc.ca		<ul style="list-style-type: none"> Consult on labour relations(LR) and human resource(HR) issues for members 	208 – 1118 Homer St Vancouver BC V6B 6L5
	BC Principals and Vice Principals Association (BCPVPA)	Kevin Reimer President Tel: 604 689-3399 kreimer@bcpvpa.bc.ca		<ul style="list-style-type: none"> Consult on LR and HR issues for members 	200 – 525 10 th Ave W Vancouver BC V5Z 1K9

Branch	Organization	Contact	Description	Key Issues	Address
	BC School Trustees Association (BCSTA)	Teresa Rezansoff President Tel: (250) 442-8258 trezansoff@bcsta.org Mike Roberts Chief Executive Officer Tel: 604-235-2297 E-mail: mroberts@bcsta.org		<ul style="list-style-type: none"> Representatives on the BCPSEA Advisory Committee Consult on LR and HR matters for members 	1580 West Broadway Vancouver BC V6J 5K9
	BC School Superintendents Association	Tom Longridge President Tom.longridge@sd72.bc.ca		<ul style="list-style-type: none"> Consult on LR and HR issues for members 	208 – 1118 Homer St Vancouver BC V6B 6L5
	BC Teachers' Federation (BCTF)	Glen Hansman President Tel: 604 871-2153 ghansman@bctf.ca		<ul style="list-style-type: none"> Negotiations for teachers' collective agreement Employer partner for Teachers' Pension Plan 	100 – 550 West 6 th Ave Vancouver BC V5Z 4P2

Branch	Organization	Contact	Description	Key Issues	Address
CSSEA	Community Social Services Employers' Association	<p>Janice Barr Board Chair Tel: 604 279-7043 jbarr@rscl.org</p> <p>Gentil Mateus Chief Executive Officer 604 601-3118 gmateus@cssea.bc.ca</p>	<p>CSSEA is governed by a Board of Directors under the <i>Public Sector Employers Act</i></p> <p>CSSEA is the accredited bargaining agent for the social services sector</p>	<ul style="list-style-type: none"> Bargaining plan approvals for CSSEA to negotiate a collective agreement for unionized employees with the Community Social Services Bargaining Association (CSSBA). 	<p>Richmond Society for Community Living 170 – 7000 Minoru Blvd Richmond BC V6Y 3Z5</p> <p>800-555 Burrard St Vancouver BC V7X 1M8</p>

Branch	Organization	Contact	Description	Key Issues	Address
CCEA	Crown Corporations Employers' Association	Shayne Ramsay Board Chair s.22 sramsay@bchousing.org	Each employer is the bargaining agent, as relevant. CCEA functions as a venue for collaboration and information sharing with Crown corporations. PSEC has taken on the responsibility of providing CCEA with statutory requirements and provides members with advice on key policy issues.	<ul style="list-style-type: none"> Bargaining plan approvals for member Crown corporations to negotiate collective agreements for unionized employees: BC Assessment Authority; BC Housing; BC Hydro; BC Transit; Community Living BC; ICBC; Legal Services Society; Oil & Gas Commission; BC Pavilion Corporation; WorkSafe BC. Compensation plans approvals for executive and excluded employees for all Crown corporations. 	c/o BC Housing Management Commission 1701–4555 Kingsway Burnaby BC V5H 4V8
	BC Assessment Authority	Judy Rogers Board Chair s.22 David Highfield Interim President & CEO Tel: 1.866.825.8322 ext 00306 David.highfield@bcassessment.ca		<ul style="list-style-type: none"> Bargaining plan approval for BCAA to negotiate a collective agreement with CUPE. Compensation plan approvals for executive and excluded employees. 	400 – 3450 Uptown Blvd Victoria BC V8Z 0B9

Branch	Organization	Contact	Description	Key Issues	Address
	BC Hydro & Power Authority	W.J. Brad Bennett Board Chair Tel: 604 623-4480 Brad.bennett@bchydro.com Jessica McDonald President & CEO Tel: 604 623-4470 Jessica.mcdonald@bchydro.com		<ul style="list-style-type: none"> Bargaining plan approvals for BC Hydro to negotiate collective agreements. Executive and excluded compensation plan approvals. 	333 Dunsmuir St Vancouver BC V6B 5R4
	BC Lottery Corporation	Stuart D.B. (Bud) Smith Board Chair Tel: 250 374-8311 ext 7252 bsmith@urbansystems.ca Jim Lightbody CEO and President s.22 jdlightbody@bclc.com		<ul style="list-style-type: none"> Compensation plan approvals for executive and excluded employees. 	2940 Virtual Way Vancouver BC V5M 0A6
	BC Oil & Gas Commission	Dave Nikolejsin Board Chair Tel: 250 952-0504 Dave.nikolejsin@gov.bc.ca Paul Jeakins Chief Executive Officer Tel: 250 419-4411 Paul.jeakins@bcogc.ca		<ul style="list-style-type: none"> Bargaining plan approvals for BCOGC to negotiate collective agreements with BCGEU and Professional Employees' Association (PEA). Compensation plan approvals for executive and excluded employees. 	300 – 398 Harbour Rd Victoria BC V9A 0B7

Branch	Organization	Contact	Description	Key Issues	Address
	BC Pavilion Corporation	Stuart McLaughlin Board Chair stuart@highergroundholdings.com Ken Cretney Interim President & CEO Tel: 604 647-7201 kcretney@bcpavco.com		<ul style="list-style-type: none"> Bargaining plan approval for PavCo to negotiate a collective agreement with the BCGEU. Compensation plan approvals for executive and excluded employees. 	200 – 999 Canada Place Vancouver BC V6C 3C1
	BC Transit Corporation	Frank Carson Board Chair Tel: 250 388-4457 sfbc@coxtaylor.ca Manuel Achadinha President and CEO Tel: 250 995-5680 Manuel_achadinha@bctransit.com		<ul style="list-style-type: none"> Bargaining plan approvals for BC Transit to negotiate collective agreements with Canadian Office & Professional Employees (COPE); Canadian Union of Public Employees (CUPE); and, Unifor Local 333 BC (Unifor). Compensation plan approvals for executive and excluded employees. 	520 Gorge Road East Victoria BC V8W 2P3

Branch	Organization	Contact	Description	Key Issues	Address
	Community Living BC	Thomas P Christensen Board Chair s.22 Tom.Christensen@nixonwenger.com Seonag Macrae Chief Executive Officer Tel: 604 664-0101 Seonag.Macrae@gov.bc.ca		<ul style="list-style-type: none"> Bargaining plan approvals to negotiate collective agreements with BCNU, BCGEU. Compensation plan approvals for executive and excluded employees. 	1200 – West 73 rd Ave Vancouver BC V6P 6G5
	Insurance Corporation of BC	Barry Penner Board Chair s.22 Barry.penner@icbc.com Mark Blucher Chief Executive Officer Tel: 604 982-2401 Mark.blucher@icbc.com		<ul style="list-style-type: none"> Bargaining plan approvals for ICBC to negotiate collective agreements with the Canadian Office and Professional Employees Union (COPE). Compensation plan approvals for executive and excluded employees. 	151 West Esplanade North Vancouver BC V7M 3H9
	Legal Services Society	Suzette Narbonne Board Chair LSSchair@lss.bc.ca Mark Benton, Q.C. Chief Executive Officer Tel: 604 601-6137 Mark.benton@lss.bc.ca		<ul style="list-style-type: none"> Bargaining plan approvals for LSS to negotiate collective agreements with BCGEU and the Professional Employees' Association 	400 – 510 Burrard St Vancouver BC V6C 3A8

Branch	Organization	Contact	Description	Key Issues	Address
	Worksafe BC	John Beckett Board Chair John.beckett@worksafebc.com Diana Miles President & CEO Diana.miles@worksafebc.com		<ul style="list-style-type: none"> Bargaining plan approvals for WSBC to negotiate collective agreements with the Compensation Employees' Union (CEU) and salaried physicians (represented by BCMA) 	6951 Westminster Hwy Richmond BC V7C 1C6
		Direct contact with all Crown corporation Board Chairs Direct contact with all Crown corporation CEOs		<ul style="list-style-type: none"> Compensation plan approvals for executives. Compensation plan approvals for excluded employees. 	

Branch	Organization	Contact	Description	Key Issues	Address
HEABC	Health Employers' Association of British Columbia	<p>Betsy Gibbons Board Chair s.22</p> <p>Michael McMillan President & CEO s.22 Michael.mcmillan@heabc.bc.ca</p>	<p>HEABC is governed by a Board of Directors under the <i>Public Sector Employers Act</i></p> <p>Leads the association as accredited bargaining agent for BC's health care employers, including health authorities</p>	<ul style="list-style-type: none"> Collective bargaining plan approvals for HEABC to negotiate with: BC Emergency Health Services (BCEHS); Community Bargaining Association (CBA); Facilities Bargaining Association (FBA); Health Sciences Professionals Bargaining Association (HSPBA); Nurses Bargaining Association (NBA); Professional Association of Residents of BC (PAR-BC). Executive compensation plan approvals for health authorities and BC Cancer Agency. 	200–1333 West Broadway, Vancouver BC V6H 4C6

Branch	Organization	Contact	Description	Key Issues	Address
PSEA	Post-Secondary Employers' Association	Roy Daykin Board Chair Tel: 250 762-5664 rdaykin@okanagan.bc.ca	PSEA is governed by a Board of Directors under the <i>Public Sector Employers Act</i>	<ul style="list-style-type: none">Bargaining plan approval for PSEA's member institutions to negotiate collective agreements for faculty and support staff unionized employees.	Okanagan College 1000 K.L.O. Road Kelowna BC V1Y 4X8
		Anita Bleick Chief Executive Officer Tel: 604 895-5061 anita@psea.bc.ca	Leads the association as accredited bargaining agent for BC's colleges, teaching universities, and institutes		705 – 5945 Kathleen Ave Burnaby BC V5H 4J7
		Direct contact with Board Chairs and Presidents for all colleges, institutes and teaching universities			
	BC Association of Institutes and Universities	Ruth Wittenberg President Tel: 250 940-1141 Ruth.wittenberg@ufv.ca		<ul style="list-style-type: none">Compensation plan approvals for executive and excluded employees for colleges, special-purpose teaching universities and institutes in BC.Consult on LR and HR issues for members	21-21 Dallas Road Victoria BC V8V 4Z9
	BC Colleges	Colin Ewart President Tel: 250 595-4866 cewart@bccolleges.ca		<ul style="list-style-type: none">Consult on LR and HR issues for members	504 – 620 View St Victoria BC V8W 1J6

Branch	Organization	Contact	Description	Key Issues	Address
BC PSA	BC Public Service Agency	Lori Halls Deputy Minister	Public sector employer	<ul style="list-style-type: none"> Bargaining plan approval for BCPSA to negotiate a collective agreement with BC Government Services and Employees' Union (BCGEU); Professional Employees' Association (PEA); Queen's Printer; Public Service Nurses; Crown Counsel. 	5 th Floor 510 Blanshard St Victoria BC V8W 2H2

Branch	Organization	Contact	Description	Key Issues	Address
UPSEA	University Public Sector Employers' Association	Dr. Allan Cahoon Board Chair Tel: 250 391-2507 Allan.cahoon@royalroads.ca Blair Littler Executive Director Tel: 250 480-3975 Blair.littler@rucbc.ca	UPSEA is governed by a Board of Directors under the <i>Public Sector Employers Act</i>	<ul style="list-style-type: none"> Bargaining plan approvals for member institutions to negotiate collective agreements for faculty and support staff. Compensation plan approvals for presidents, vice-presidents, and excluded employees for all research universities. 	Office of the President Royal Roads University 2005 Sooke Road Victoria BC V9B 5Y2
	Royal Roads University	Cheryl Eason Vice President & CFO Tel: 250 391-2531 Cheryl.eason@royalroads.ca			400 – 880 Douglas St Victoria BC V8W 2B7
	Simon Fraser University	Sandi De Domenico Interim Associate Vice President HR Tel: 778 782-3602 sandi_domenico@sfu.ca			2005 Sooke Road Victoria BC V9B 5Y2
	Thompson Rivers University	Denis Powers Associate Vice President, HR Tel: 250 828-5458 dpowers@tru.ca			8888 University Drive Burnaby BC V5A 1S6
	University of BC	Lisa Castle Associate Vice President, HR Tel: 604 822-8120 lisa@hr.ubc.ca			900 McGill Rd Kamloops BC V2C 0C8
	University of Northern BC	Barb Daigle Director, HR barb.daigle@unbc.ca			2329 West Mall Vancouver BC V6T 1Z4

Branch	Organization	Contact	Description	Key Issues	Address
	University of Northern BC	Barb Daigle Director HR Tel: 250 960-5534 Barb.daigle@unbc.ca			3333 University Way Prince George BC V2N 4Z9
	University of Victoria	Kane Kilbey Association Vice President, HR Tel: 250 721-8031 kane@uvic.ca			3800 Finnerty Road Victoria BC V8P 5C2
	BC Government and Service Employees' Union	Stephanie Smith President Paul Finch Treasurer Brent Camilleri Coordinator, Negotiations Tel: 604 473-5485 Brent.camilleri@bcgeu.ca		<ul style="list-style-type: none"> Consult and discuss labour relations issues for members 	4911 Canada Way Burnaby BC V5G 3W3
	BC Federation of Labour	Irene Lanzinger President Tel: 604 430-1421 bcfed@bcfed.ca		<ul style="list-style-type: none"> General LR issues and may discuss how to resolve disputes 	200 – 5118 Joyce St Vancouver BC V5R 4H1

Branch	Organization	Contact	Description	Key Issues	Address
	CUPE BC	Paul Faoro President Tel: 604 437-3484 pfaoro@cupe.bc.ca		<ul style="list-style-type: none"> Consult and discuss labour relations issues for members 	510 – 4940 Canada Way Burnaby BC V5G 4T3
	CUPE National	Mark Hancock President mhancock@cupe.bc.ca		<ul style="list-style-type: none"> Prior President of CUPE BC Consult on general LR issues 	1375 St. Laurent Ottawa ON K1G 0Z7
	Unifor	Gavin McGarrigle BC Area Director Tel: 778-668-6455 gavin.mcgarrigle@unifor.org			2 nd Floor 4248 Glanford Ave Victoria BC V8Z 4B8
	Arbitrators and Mediators	Judi Korbin Tel: 604 691-2552 korbin@telus.net Vince Ready Tel: 604 691-2554 vready@telus.net			

Page 023 to/à Page 024

Withheld pursuant to/removed as

s.13;s.17

Public Sector Employers' Council Secretariat
Crown Agencies: Employers' Associations Overview

Overview:

- The *Public Sector Employers Act* establishes six employers' associations to carry out strategic direction of government in each of the following sectors: health, K-12 public education, social services, post-secondary, Crown agencies, and research universities. The BC Public Service Agency, established under the *Public Service Act*, acts as an employers' association for the BC Public Service.
- Government relies on employers' associations to implement its direction related to their statutory mandate and coordinate the following with respect to a sector:
 1. compensation for employees not covered by a collective agreement;
 2. benefit administration;
 3. human resource practices; and
 4. collective bargaining objectives
- Employers' associations vary in staff size from one person to approximately 100. The majority of employers' associations are funded directly by the PSEC Secretariat, although some also receive funding from ministries responsible and from member-employers. Association boards are partly appointed by government and member-employers.
- Government has the statutory ability to unilaterally direct changes to employers' association constitutions and bylaws, and replace boards of directors with a public administrator.
- The table below details the funding and board structures of these associations. The number of agreements by sector and employers' association is on the page following the table.

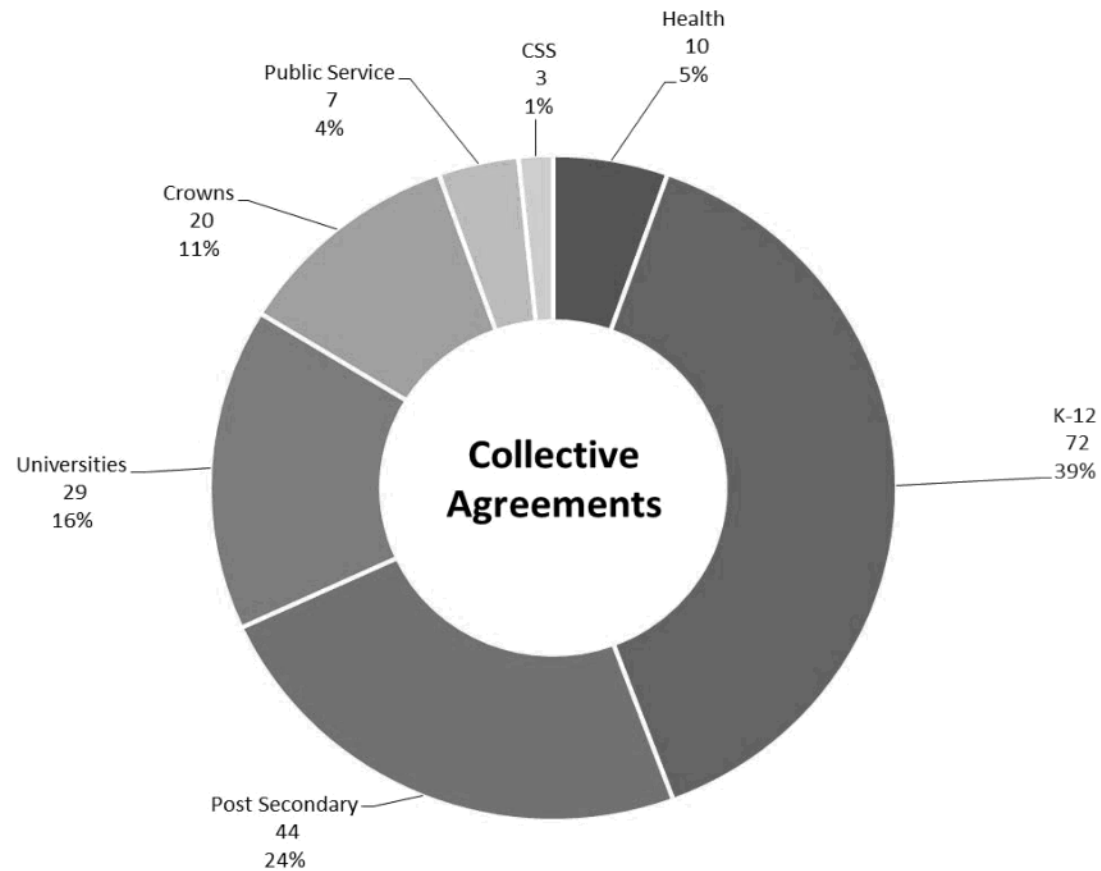
Employers' Association	Role	Board Structure	Funding
BC Public School Employers' Association	Accredited bargaining agent for the province's 60 public school boards in negotiations with the BCTF and Support Staff unions.	Normally a 15-member board. Nine members elected annually by school trustees; four appointed by government; two non-voting members appointed by the British Columbia Association of School Business Officials and the British Columbia School Superintendents Association. Currently has a public administrator in place. ^{s.13}	s.17
Health Employers' Association of	Accredited bargaining agent for health sector employers.	Eleven-person board. Six directors appointed from health authorities; two by the provincial government; and one	

Public Sector Employers' Council Secretariat
Crown Agencies: Employers' Associations Overview

BC		member each appointment by proprietary care providers, affiliated care providers and denominational care providers.	s.17
Post-Secondary Employers' Association	Employer bargaining agent for 19 public colleges, teaching universities, and institutes. PSEA annually receives \$389,284 from institutions which does not change year-over year. Each institution's fee assessment includes a flat amount of \$10,244 plus a prorated fee based upon each institution's previous year operating grant.	Ten-person board. Six elected annually by employers; two appointed by government; two non-voting members are the Chair and Vice-chair of the PSEA's Standing Committee on Human Resource Practices.	
Community Social Services Employers' Association	Accredited bargaining agent for over 200 member agencies and 87 associate agencies.	Up to 11 directors. Seven directors appointed by representatives of social service agencies; one appointed by Community Living British Columbia; up to three appointed by the provincial government.	
University Public Sector Employers' Association	Coordinates communications and sectoral labour relations strategy for the seven Research Universities as required by the Act. Not an accredited bargaining agent.	Has an informal board comprised of university presidents, CEO of PSEC Secretariat, and an Assistant Deputy Minister from the Ministry of Advanced Education.	No funding from PSEC Secretariat or member fees
Crown Corporation Employers' Association	The PSEC Secretariat performs the functions of the association to coordinate communications between Crowns and government. Not an accredited bargaining agent.	Up to 11 directors. Eight directors elected or appointed by employers; two appointed by the government; Chair elected from Chief Executive Officers of member-employers.	No member fees
BC Public Service Agency	Accredited bargaining agent for government in negotiations with unions representing direct government employees (e.g., BCGEU Master)	n/a	Funded through ministry appropriations

Collective Agreements by Sector

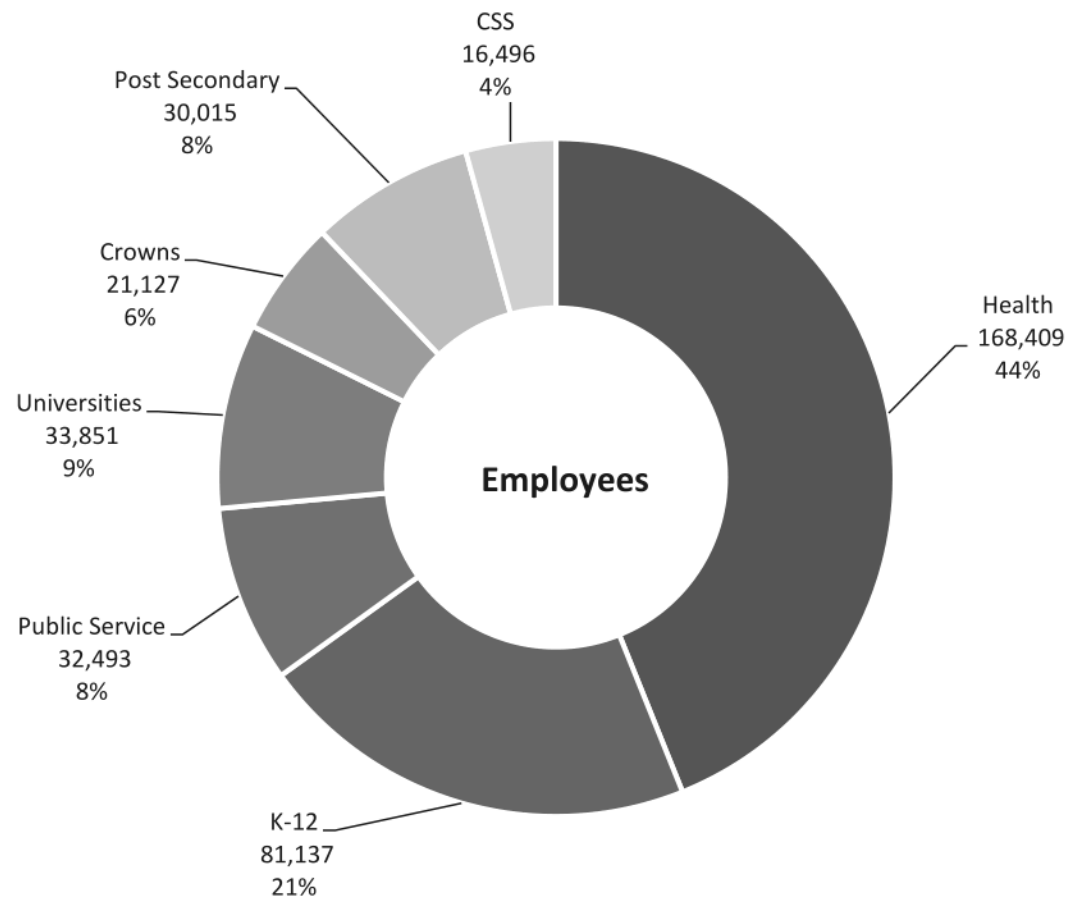
Est as of April 1, 2016



B.C. Public Sector Employees

Sector Employee Count (union & non-union)
As a % of Total Public Sector
Est as of April 1, 2016

Total Sector Employee Count:
383,528



Page 029 to/à Page 042

Withheld pursuant to/removed as

s.13;s.17

Public Sector Employers' Council Secretariat July 2017

Tab	Subject
Overview and Summary Materials	
1	PSEC Secretariat Overview <ul style="list-style-type: none"> • PSEC Secretariat Profile • Executive Profiles • Labour Relations Function • Non-union Compensation • Executive Compensation • Appointee Remuneration Committee • Public Sector Pension Plans • Employers' Associations
2	Current Priority Issues <ul style="list-style-type: none"> • Critical Issues in B.C. Public Sector Labour Relations – Executive Summary • Collective Bargaining: BCNU and PSA for Public Service Nurses – Issue Note • Governance of BC Public School Employers' Association – Issue Note
Background Information for Discussion and Decision	
3	Employers' Association Governance Options – for discussion
4	PSEC Council Function - options for consideration
5	Mandate for Public Sector Bargaining in 2018/19 – for consideration
6	Excluded and Executive Compensation Management – for decision
7	2016/17 Executive Compensation Disclosure – Issue Note for information
8	Appointee Remuneration Committee & Triennial Directives Reviews – for information
9	Summary of Labour Relations Data & Trends – for information
10	PSEC Secretariat Key Stakeholder Contacts – for information
11	The Strategic Public Sector Bargaining Academy – for information
12	Public Sector Pension Plans – government partner overview – for information
13	Legislation reference – <i>Public Sector Employers Act</i> and chronology of major amendments
14	Legislation reference – Employment Termination Standards Regulation
15	List of other related legislation

Public Sector Employers' Council Secretariat (PSEC Secretariat) Profile

Ministry of Finance: Public Sector Employers' Council Secretariat

The Public Sector Employers' Council Secretariat is created under the *Public Sector Employers Act*, and reports to the Minister of Finance as the Minister Responsible for the *Act*.

Ministry Mandate:

The Public Sector Employers' Council Secretariat is the central agency supporting government on all issues related to public sector collective bargaining, as well as non-union compensation.

Labour Relations - The PSEC Secretariat provides strategic advice on the development of mandates for collective bargaining and labour relations strategies, and implements those mandates and strategies through employer bargaining agents and employers across the provincial public sector, including health, K-12, Crown corporations, community social services, post-secondary, including colleges, institutes, teaching and research universities, as well as the core Public Service.

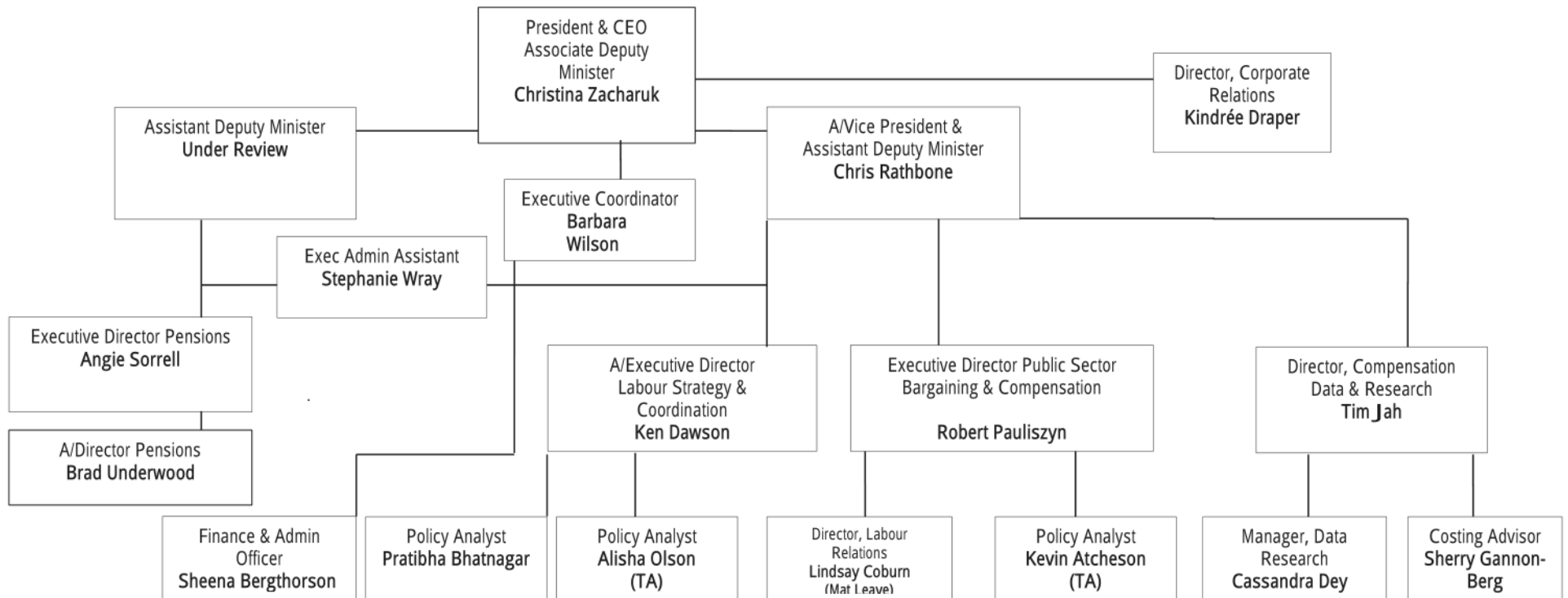
Non-Union Compensation - The PSEC Secretariat supports the Minister by working with public sector employers to establish and implement compensation policies and plans for non-union employees such as managers and executives (including CEOs). It is responsible for coordinating the annual statutory disclosure of executive compensation for 120 public sector employers.

Public Sector Pension Plans - The PSEC Secretariat represents government in its role as a partner under the *Public Sector Pension Plans Act* and the joint trust arrangements established for the four major public sector pension plans. This includes working with other partners to the pension plans to achieve the goals of the plans in a sustainable manner, monitoring government's risk exposure and providing policy advice to both government and public sector employers. It also supports Treasury Board by chairing and providing secretariat support to a committee established by Treasury Board to administer remuneration of appointees to provincial government boards and tribunals.

2017/18 Budget: \$16.6M, including grants to employers' associations of \$14.2M (Secretariat operating budget: \$2.4M)

Full-Time Equivalents (FTEs): 16

Public Sector Employers' Council Secretariat Organizational Chart:





BRITISH
COLUMBIA

PSEC

Public Sector
Employers' Council
Secretariat

July 2017

Overview of the Public Sector Employers' Council Secretariat

History of PSEC

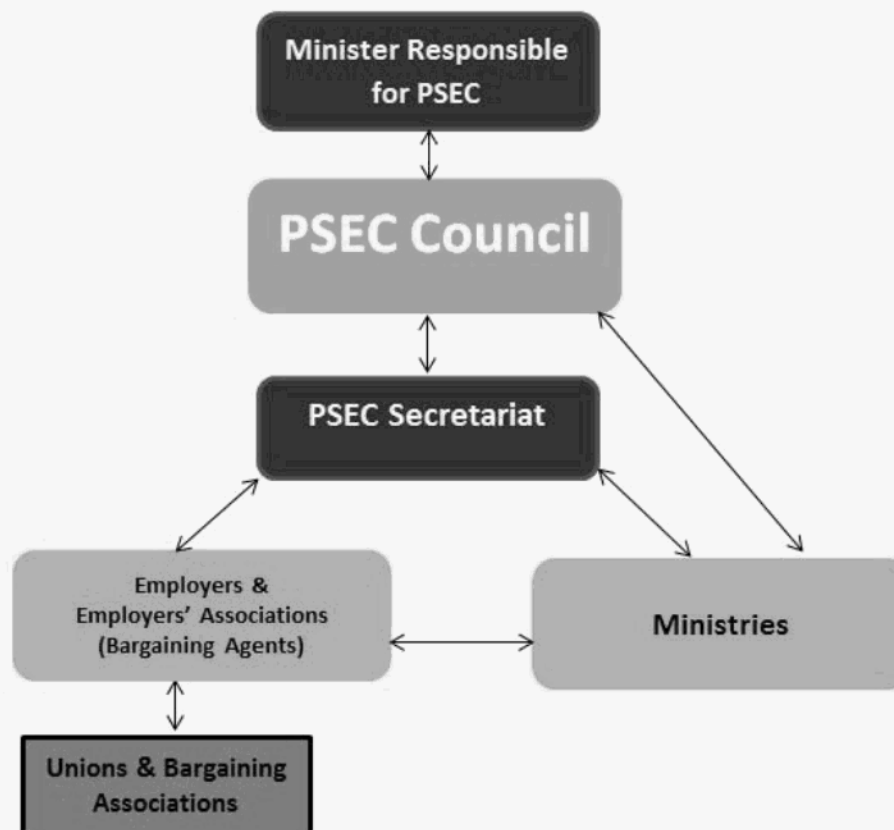
- Korbin Commission - *Public Sector Employers Act* (1993)
 - PSEC Model: centralized coordination of cross-sectoral labour relations and non union compensation
 - Collective agreements support policy goals and service delivery objectives of government
 - Affordable delivery of services
 - PSEC Secretariat - central agency reporting to Minister of Finance
 - Strategic coordination under the Act
 - All public sector Provincial labour relations
 - Excluded and executive compensation

PSEC Model

- PSEC Secretariat works with & through Employers' Associations to coordinate bargaining and non-union compensation in seven sectors:
 1. Health
 2. K-12 Public Education
 3. Crown Agencies
 4. Social Services
 5. Universities
 6. Colleges
 7. Public Service (direct Government)

**Does not regulate
Local Government**

PSEC Model



Strategic Coordination

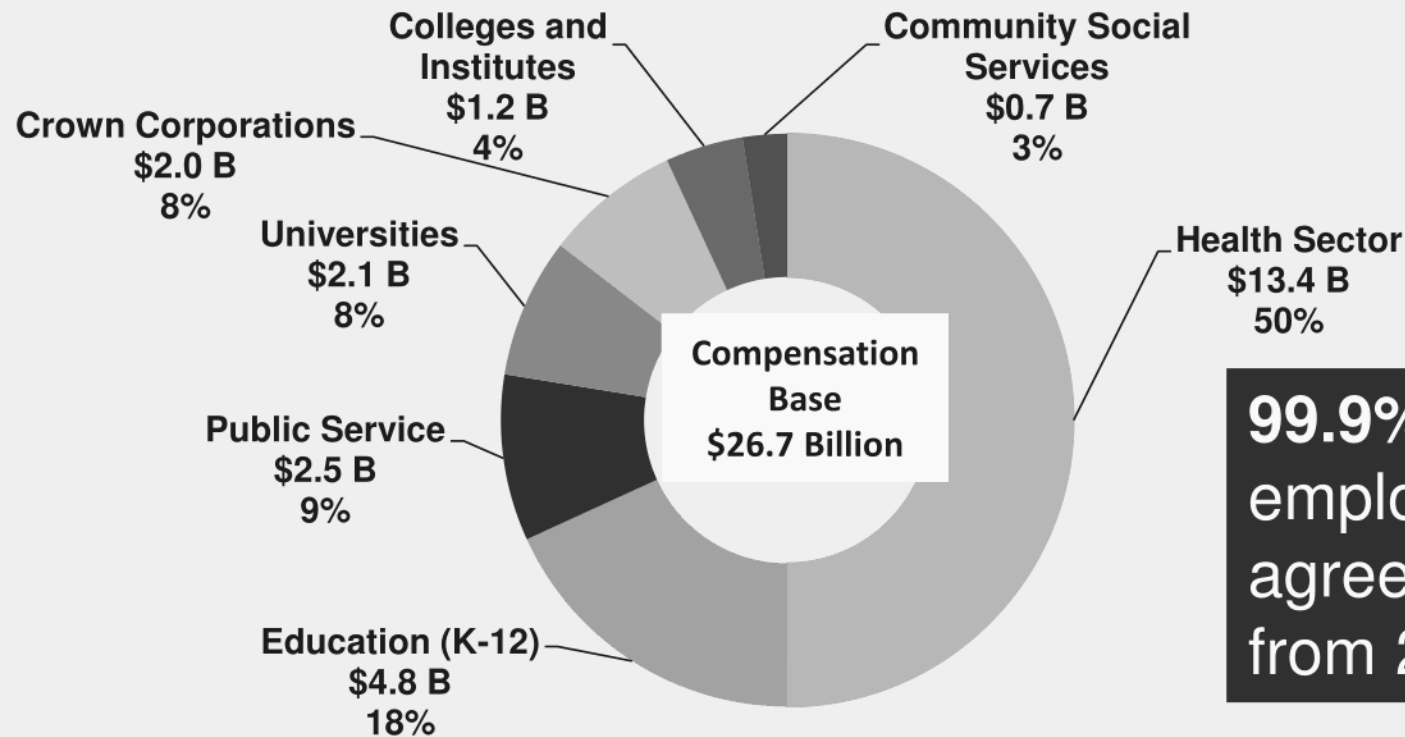
- PSEC Secretariat is responsible for the strategic management and coordination of labour relations across the provincial public sector.
 - Government is able to reconcile its core interests of cost and service delivery through bargaining mandates and by ensuring ministries responsible, employers, and employers' associations are closely coordinated.
 - Employer Bargaining Agents must conduct their negotiations within the bargaining mandate framework, and employer-specific elements of bargaining must receive government approval.

Government is **ultimately accountable to the public** for the costs and service delivery outcomes of bargaining and non-union compensation - provincial mandates lay out the broad terms for bargaining consistent across all sectors.

Facts about B.C. Public Sector Compensation

- **\$26.7 billion** in annual compensation costs, equivalent to **56%** of the government budget.
- **182** collective agreements
- **384,000** union and non-union employees
- **310,000** unionized
- A **1%** change in total comp = **\$267M**
- Every **1%** change in unionized employee total comp = **\$220M**

2014 Economic Stability Mandate



99.9% of all unionized employees have agreements settled from 2014 to 2019

2014 Economic Stability Mandate

- Longer-term labour stability – five-year terms
- Affordability and negotiability
 - General wage increases – (0%, 1%, 1.5%, 1.5%, 1.5%)
 - Focus on employer priorities (e.g. benefit cost containment, employment security improvements)
 - Comparability adjustments – for Community Social Services (2.5%, 2.5%, 2.5%) and Community Health (1%, 0.5%, 0.5%)
- Economic Stability Dividend if real economic performance better than planned

ESDs to Date:
2014 – 0.45%
2015 – 0.35%

**Total of
5.5% + 0.8% =
6.3% over 5 years**

Non-union compensation

- Minister Responsible for the Act (traditionally Minister of Finance) can direct compensation for excluded or executive employees or direct employers' associations to do so on behalf of employers in the sector.
- Employers must report, annually, to CEO of PSEC Secretariat all terms and conditions for employees with a annualized base salary of \$125K or more.

Public Sector Pension Plans

- Government Partner is the Minister Responsible for the *Public Sector Pension Plans Act* (PSPPA) – traditionally Minister of Finance
- Taking its direction from the Minister, PSEC Secretariat is responsible for the day-to-day management of the Government Partner responsibilities
- Specifically, PSEC Secretariat:
 - Seeks approval of the Minister to make material amendments to the Joint Trust Agreements
 - Has delegated authority to make strategic appointments to the boards
 - Provides pension plan governance oversight
 - Provides pension knowledge, expertise and advice across government and employers
 - Has expertise in pensions, investments, negotiations, strategic networking and relationship building
- Government Partner pension priorities have been:
 - To first protect the basic pension; and
 - Then to protect its value through sustainable indexing

Appointee Remuneration Committee

- The Appointee Remuneration Committee (ARC) oversees the remuneration provided to public sector appointees in:
 - Crown corporations
 - Agencies
 - Boards
 - Commissions
 - Administrative tribunals
- ARC is established by the Treasury Board to oversee the remuneration provided to public sector appointees.
- The CEO of the PSEC Secretariat is the Chair of ARC, and the Secretariat provides staff and administrative support to ARC.
 - Membership includes other Deputy Ministers
 - ARC makes recommendations to the Chair of Treasury Board

CORE BUSINESS / PROGRAM AREAS / BUSINESS PROCESSES

ADM Responsible: Chris Rathbone

Labour Relations:

In 1993, the Korbin Commission of Inquiry into the Public Service and Public Sector found the decentralized bargaining structure then in place to be too costly and inefficient. This led to the enactment of the *Public Sector Employers Act* (the *Act*), which provides government with the means to manage and coordinate bargaining and compensation for the health, community social services, K-12 education, public service, research universities, post-secondary, and Crown corporation sectors through one central agency — the Public Sector Employers' Council Secretariat.

Under the authority of the *Act*, the PSEC Secretariat administers and manages the development and implementation of strategic labour relations policies and practices in the provincial public sector. It advises government on mandates for collective bargaining and labour relations strategies, and implements those mandates and strategies through public sector employer bargaining agents and employers. Provincial mandates in British Columbia lay out the broad terms for bargaining consistent across all sectors. Employers must conduct their negotiations within this mandate framework, and employer-specific elements of bargaining must receive government approval.

Currently, British Columbia's public sector consists of about 384,000 union and non-union employees working in diverse fields for approximately 600 employers. The government and public sector employers spend about \$26.7 billion, equivalent to 56 per cent of the Province's budget on compensation annually. About \$22 billion, or 82 per cent of these costs, are determined through collective bargaining for British Columbia's 310,000 unionized employees who are covered by 182 agreements. As of March 31st, 99.9 per cent of public-sector employees are covered by tentative and ratified agreements negotiated under the Economic Stability Mandate.

The *Act* required that each of the six sectors establish an employers' association. The provincial public service (core government and ministries) are coordinated through the BC Public Service Agency. The six associations are:

- Health Employers' Association of British Columbia
- British Columbia Public School Employers' Association
- Community Social Services Employers' Association
- Post-Secondary Employers' Association
- Crown Corporation Employers' Association
- University Public Sector Employers' Association

As the central agency coordinating union and non-union compensation across the public sector, government is able to reconcile the core interests of allowing unions to bargain directly with employers' associations and employers while ensuring that government's policy direction and the needs of taxpayers are respected.

Over the course of the past 20 years, the PSEC model has continued to evolve in support of greater transparency, coordination, and consistency in compensation decisions and bargaining outcomes, supported by solid data and research.

CORE BUSINESS / PROGRAM AREAS / BUSINESS PROCESSES

ADM Responsible: Chris Rathbone

Non-Union Compensation

British Columbia's public sector has approximately 384,000 employees, about 73,000 are non-union, which includes people working in management, exempt and executive positions at both unionized and non-union employers including the direct Public Service, Crown corporations, research universities, post-secondary institutions, K-12 school districts and health authorities. Over 29,000 of these are excluded management and executive employees, and approximately 44,000 are unionized equivalents. These positions represent about \$4.67B in total compensation costs. Coordination of non-union and executive compensation ensures consistency, transparency, and predictability as contemplated by the *Public Sector Employers Act* (the *Act*).

The *Act* allows the Minister Responsible for the PSEC Secretariat to direct employers' associations or public sector employers to create compensation plans for non-union employees in their sector. The *Act* authorizes the PSEC Secretariat to review, and for the Minister responsible to approve, all proposed employment contracts for excluded employees. The request may focus on certain groups of non-union employees, or it may focus on all excluded and executive employees. The PSEC Secretariat assists the Minister in implementing the *Act* by working with employers and employers' associations as they prepare compensation plans, coordinating the preparation of plans, and advising the Minister on proposed plans for approval. The *Act* also includes the *Employment Termination Standards* regulation that addresses such areas as the amount of severance that can be paid to employees, appropriate use of retirement allowances, repayment of excessive severances, and re-employment in the public sector.

In 2012, fiscal conditions necessitated an excluded compensation freeze across the broad public sector. In 2014, the BC Public Sector Compensation Review report commissioned by government recommended government take action to ensure greater consistency in compensation practices and levels across the provincial public sector. In support of this recommendation, employers adopted a common public sector compensation philosophy, with core principles and consistent benchmarking practices for the purposes of compensation. As part of the recommendations, employers were consulted to verify where they were experiencing challenges of compression, inversion and retention of high-performing excluded employees. To address this, an approach to begin the measured exit from the compensation freeze began. In 2015, with 99.9 per cent of the unionized public sector settled with agreements reached under the Economic Stability Mandate, employers received approval to provide modest, in-salary range movement to address compression, inversion, or recognize performance of excluded employees (to a maximum of 2% per year) beginning in 2015.

CORE BUSINESS / PROGRAM AREAS / BUSINESS PROCESSES

ADM Responsible: Chris Rathbone

Executive Compensation:

British Columbia's public sector has approximately 73,000 non-union employees, which includes people working in management, exempt and executive positions at both unionized and non-union public sector employers including the direct Public Service, Crown corporations, research universities, post-secondary institutions, K-12 school districts and health authorities. Over 29,000 of these are excluded management and executive employees, and approximately 44,000 are unionized equivalents. These positions represent about \$4.67B in total compensation costs. Coordination of non-union and executive compensation ensures consistency, transparency, and predictability as contemplated by the *Public Sector Employers Act* (the *Act*).

The *Act* authorizes the PSEC Secretariat to review, and for the Minister responsible to approve, all proposed employment contracts for excluded employees prior to implementing a formal offer. Public sector boards are responsible for determining CEO compensation, which must be in compliance with the framework approved by the Minister and within the approved total compensation maximums. In 2007, CEO total compensation maximums were communicated to public sector employer board chairs via Ministers responsible. These maximums have been reviewed periodically on an individual basis, often on re-appointment. To avoid the maximums becoming 'floors' during board compensation discussions with CEOs, the maximum amounts are not public information. The PSEC Secretariat works closely with the employers to ensure the terms of the proposed contracts have the appropriate benchmarks, that they provide clarity on all elements of compensation, including leaves, holdbacks and perquisites, and that they adhere to British Columbia's legislation and policies. For all CEO contracts, the PSEC Secretariat also ensures there has been adequate consultation between the Board Chair and the Minister responsible for the organization and that the Minister supports the proposed offer and appointment.

In 2008, amendments were made to the *Act* to improve transparency and required public sector employers to annually disclose executive compensation paid to the CEO and the four highest ranking/paid executives of an organization who earn a base salary of \$125,000 or more. Submitted to the President & CEO of the PSEC Secretariat, disclosure of total compensation includes base salary, benefits, pension contributions, perquisites and holdbacks, as well as an explanation of the employer's compensation philosophy, the objectives, how it relates to the organization's performance targets and how the actual compensation paid relates to all of the above. The PSEC Secretariat coordinates the broad disclosure and provides the Minister of Finance with an analysis of all the compensation data provided in that fiscal year, and is typically released at the same time as the Public Accounts in July. The 2016/17 disclosure will be the 10th year of this transparent process in which British Columbia is a leader amongst all the provinces.

CORE BUSINESS / PROGRAM AREAS / BUSINESS PROCESSES

ADM Responsible: Chris Rathbone

Appointee Remuneration Committee:

The Public Sector Employers' Council Secretariat provides secretariat support and the Chair to a sub-committee of Treasury Board — the Appointee Remuneration Committee (ARC) — which is responsible for appointee compensation oversight.

There are two appointee remuneration Treasury Board Directives to ensure a consistent and transparent approach to how much is paid to board and tribunal appointees across the public sector. These seek to balance affordability with the ability to attract and retain qualified professionals on these boards.

ARC is responsible for the classification of Crown Agency boards and administrative tribunals into the remuneration levels established by Treasury Board. ARC also undertakes a review of the appointee remuneration Treasury Board Directives on a triennial basis. Membership to ARC is determined by the Chair of Treasury Board. Current membership includes the Deputy Minister to the Premier, Deputy Minister of Finance, Deputy Minister of the BC Public Service Agency, Deputy Attorney General and the President & CEO of the PSEC Secretariat, who serves as Chair.

CORE BUSINESS / PROGRAM AREAS / BUSINESS PROCESSES

Public Sector Pension Plans:

The Public Sector Employers' Council Secretariat (PSEC Secretariat), as a central agency in the Ministry of Finance, supports government in setting and coordinating strategic directions in human resource management and labour relations for the broad public sector. This includes representing government in its role as a Partner under the *Public Sector Pension Plans Act* (the Act) and the joint trust arrangements established in 2000/01 for the four large public sector pension plans: Teachers', College, Municipal and Public Service. The Minister responsible for the Act is the Partner. The PSEC Secretariat represents the Minister as Partner in the day-to-day business.

Government's role in the four public sector pension plans is established in the Act and joint trust agreements. The four plans currently have approximately \$98.5 billion in assets and represent just under 550,000 active and retired members.

In representing government in its role as a Partner in the plans, PSEC Secretariat's Executive Director of Pensions works with other partners, employers, the Boards of Trustees, and other key stakeholders to the pension plans to achieve the goals of the plans in a fiscally sustainable and equitable manner, monitoring government's risk exposure and providing policy advice to both government and public sector employers.

The PSEC Secretariat, through its Executive Director Pensions, also supports the Minister of Finance in his role as the British Columbia Steward to the Canada Pension Plan.

Budget: Part of PSEC Secretariat's overall budget

Full Time Equivalents (FTEs): 1

Related Legislation:

Public Sector Pension Plans Act

Organizational Chart:



The Strategic Public Sector Bargaining Academy

Information Package for Employers



THE STRATEGIC PUBLIC SECTOR BARGAINING ACADEMY

succession management · capacity building · bench-strength renewal

More than twenty years since its inception, British Columbia's centralized model of public sector bargaining remains the only one of its kind in Canada. Navigating this unique and complex system is made easier with context and an understanding of how B.C.'s labour relations environment has and continues to evolve. As a result, executive leadership from across the provincial public sector have identified the need for a vehicle for information sharing and internal capacity building.

The Strategic Public Sector Bargaining Academy invites labour relations professionals from employers and employer associations to access seasoned industry experts through a series of monthly learning modules and networking opportunities. The Academy will provide committed public sector negotiators with an opportunity for knowledge transfer direct from the most well-known labour relations professionals in the province.

Exclusive participation by nomination only. Not for the faint of heart.

**Coming June 2017 to
November 2018
Vancouver, B.C.**

Give your negotiating team the skills to gain an edge at the table that leads to even greater success, and a chance to build critical relationships with B.C.'s leading experts in a learning environment. You won't want to miss invaluable first-hand, insider perspectives on fascinating topics, including...

- What you need to know about public sector bargaining that you thought you already knew
- Centre of Attention: how to conduct yourself in public sector bargaining
- Bargaining Communications: the public relations battle to capture the hearts and minds

For more information, contact:
Alisha Olson
Alisha.Olson@gov.bc.ca
250.415.7040
www.BCBargainingAcademy.ca

Participating Faculty Includes:

Judi Korbin
Mediator & Arbitrator
Commission of Inquiry into the
Public Service and Public Sector

Gary Moser
Labour Relations Consultant

Christina Zacharuk
President & Chief Executive Officer
Public Sector Employers' Council Secretariat

Donald R. Munroe, Q.C.
Counsel

Renzo Del Negro
Chief Executive Officer
BC Public School Employers' Association

Eric J. Harris, Q. C.
Partner, Harris & Company

Lisa Castle
Vice President, Human Resources
University of British Columbia

Peter Cameron
Labour Relations Consultant

Anita Bleick
Chief Executive Officer
Post-Secondary Employers' Association

Gentil Mateus
Chief Executive Officer
Community Social Services
Employers' Association of BC

Key Program Goals:

- Gain contextual awareness of B.C.'s unique and complex labour relations environment and dynamics
- Build understanding of the process and procedure of effective negotiations
- Develop the ability to analyse proposals and conceptualize how they would play out on the ground
- Improve techniques for anticipating and influencing the behaviour of others
- Strengthen acumen for recognizing the broader implications of decisions made at the table

THE STRATEGIC PUBLIC SECTOR BARGAINING ACADEMY

FACT SHEET

What is the Strategic Public Sector Bargaining Academy?

The Strategic Public Sector Bargaining Academy is a professional development opportunity for public sector negotiators. The format is a series of monthly learning modules requiring a commitment of one half-day per month for face-to-face learning in Vancouver.

A diverse group of faculty contributors have been recruited, including seasoned mediators and arbitrators, labour relations lawyers, public sector executives, and executive leadership from across the public sector.

Comprehensive curriculum includes historical context, mandate development, employer and union perspectives, legal context, bargaining communications, and everything in between. A separate stream for technical and strategic costing experts will run concurrently.

Why do we need a Bargaining Academy?

In the four months between March and June 2019, over 75% of provincial public sector collective agreements will expire. Combined with shifting population demographics, there now exists the opportunity to build on the experience and expertise of emerging negotiators, as well as those seeking to further develop their skill set.

The Strategic Public Sector Bargaining Academy is a vehicle for knowledge transfer direct from seasoned and well-respected labour relations experts to public sector negotiators preparing for the 2019 bargaining season.

What are the goals of the Bargaining Academy?

The Strategic Public Sector Bargaining Academy is about **CAPACITY BUILDING**. The Academy will build understanding of high-level strategic labour relations in the B.C. provincial public sector and encourage a community of cross-sectoral expertise.

The Academy will achieve **BENCH-STRENGTH RENEWAL** by building confidence of provincial public sector negotiators to manage complex bargaining and prepare for 2019 negotiations.

SUCCESSION MANAGEMENT will be facilitated through exposure to experienced negotiators and advisors. Participants will be provided opportunities for career development through access to prominent labour relations experts and regular occasions for networking with colleagues.



HARRIS



THE STRATEGIC PUBLIC SECTOR BARGAINING ACADEMY

FACT SHEET

The Steering Committee

The Academy is led by an executive Steering Committee from across the broader public sector

Christina Zacharuk

President & Chief Executive Officer,
Public Sector Employers' Council Secretariat

Eric J. Harris, Q.C.

Partner
Harris & Company

Lisa Castle

Vice President, Human Resources
University of British Columbia

Lori Halls

Deputy Minister
Public Service Agency

Michael McMillan

President & Chief Executive Officer,
Health Employers' Association of British Columbia

Lori Wanamaker

Deputy Minister
Ministry of Children and Family Development

Wendy Strugnell

Vice President, Corporate Services &
Chief Human Resources Officer
WorkSafeBC

Trevor Hughes

Assistant Deputy Minister,
Industrial Relations and Labour Programs
Ministry of Jobs, Tourism and Skills Training
and Ministry Responsible for Labour

Kurt Sandstrom

Assistant Deputy Attorney General, Justice Services
Ministry of Justice

The Experience

- Requires commitment of one half-day per month for up to 15 modules in downtown Vancouver. Some pre-reading may be required, but there won't be any projects or assignments
- A structured core curriculum will be supplemented with informal dialogue and panel discussions from seasoned labour relations practitioners and interactive Q&A sessions
- Opportunities to establish lifeline relationships with seasoned and emerging labour relations professionals that can be called upon for trustworthy advice during bargaining
- Active labour relations will be incorporated for experiential learning
- Participants will be grouped into mixed cohorts, drawing from different public sector employers and employers' associations
- Designated SharePoint website for information exchange and discussion
- Common understanding will create the potential for mobile assistance that quickly deployed to assist negotiations at smaller employers



HARRIS



THE STRATEGIC PUBLIC SECTOR BARGAINING ACADEMY

Confirmed Faculty Contributors

Judi Korbin

Led the Commission of Inquiry into the Public Service and Public Sector that resulted in the creation of the Public Sector Employers' Council and B.C.'s centralized bargaining model in 1993.

Eric Harris

Partner at Harris and Company. Eric was selected by Best Lawyers as Lawyer of the Year for 2009 and 2016 in the area of labour and employment law in British Columbia.

Gary Moser

Labour relations consultant with 30+ year career acting as the chief negotiator for the B.C. Government as well as being Chief Executive Officer with the Public Sector Employers' Council and the Health Employers Association of BC.

Don Munroe

Counsel

Ken Georgetti

Canadian labour union leader elected president of the Canadian Labour Congress in May 1999 and served in that position until May 2014.

Doug Foster

Assistant Deputy Minister, Strategic Initiatives, Ministry of Finance

Michael Marchbank

President and Chief Executive Officer of Fraser Health since January 2015. Prior to that, he was President and Chief Executive Officer of the Health Employers' Association of British Columbia.

Lori Halls

Deputy Minister, BC Public Service Agency

Gentil Mateus

Chief Executive Officer at the Community Social Services Employers' Association of BC since September 2011. Previously he was at the Health Employers' Association of BC where he held a variety of positions.

Anita Bleick

Chief Executive Officer at the Post-Secondary Employers' Association. Prior, she served as legal counsel and then a negotiator for Metro Vancouver.

Lisa Castle

Vice President, Human Resources at the University of British Columbia



THE STRATEGIC PUBLIC SECTOR BARGAINING ACADEMY

Confirmed Faculty Contributors

Blair Littler

Vice President of Research Universities' Council of BC & Executive Director of University Public Sector Employers' Association.

Peter Cameron

Labour Relations Consultant

Peter Burton

Lawyer; Labour Relations & Public Policy Consultant

Lori Wanamaker

Deputy Minister, Ministry of Children and Family Development

Renzo Del Negro

Chief Executive Officer, BC Public School Employers' Association

Wendy Strugnell

Vice President, Corporate Services & Chief Human Resources Officer at WorkSafeBC

Christina Zacharuk

President & Chief Executive Officer at the Public Sector Employers' Council Secretariat

Michael McMillan

President & Chief Executive Officer at the Health Employers' Association of British Columbia

Adrienne Hook

Executive Director, Strategic Negotiations & Benefits Administration at the Health Employers' Association of British Columbia

Trevor Hughes

Assistant Deputy Minister, Industrial Relations and Labour Programs, Ministry of Jobs, Tourism and Skills Training

Kindrée Draper

Director, Corporate Relations, Public Sector Employers' Council Secretariat

Tim Jah

Director of Compensation Data and Research, Public Sector Employers' Council Secretariat

B.C. Public Sector Pension Plans

An Introduction to the Government Pension Plan Partner

Governance Structure

- The four largest public sector pension plans moved from sole Government sponsorship in 2000/01 to jointly trusted plans of government/employer and public sector union partners
 - College, Municipal, Public Service, Teachers' pension plans
- The boards of trustees have equal employer/employee representation and are responsible for the administration of their plan, including managing the investments of their funds
- Government retains a Partner role with the plans and is responsible for plan governance oversight, specifically to:
 - Appoint/rescind trustees
 - Amend the joint trust agreements (with Partner consensus)
 - Direct amendment of plan rules (with Partner consensus)

Partners

Pension Plan	Partners
College Pension Plan	<ul style="list-style-type: none"> • Government • Post Secondary Employers' Association (PSEA) • Federation of Post-Secondary Educators • BC Government and Services Employees' Union
Municipal Pension Plan	<ul style="list-style-type: none"> • Government & the Union of BC Municipalities (UBCM) • Municipal Employees' Pension Committee
Public Service Pension Plan	<ul style="list-style-type: none"> • Government • BC Government and Services Employees' Union
Teachers' Pension Plan	<ul style="list-style-type: none"> • Government • BC Teachers' Federation

PSEC Secretariat, PSEA, and UBCM consult with the various employers (and in the case of PSEC Secretariat, this includes ministries) on issues and plan design as relevant – the unions do likewise with members

Government Partner

- Government Partner is the Minister Responsible for the *Public Sector Pension Plans Act* (PSPPA)
- Taking its direction from the Minister, PSEC Secretariat is responsible for the day-to-day management of the Government Partner responsibilities
- Specifically, PSEC Secretariat:
 - Seeks approval of the Minister to make material amendments to the Joint Trust Agreements
 - Has delegated authority to make strategic appointments to the boards
 - Provides pension plan governance oversight
 - Provides pension knowledge, expertise and advice across government and employers
 - Has expertise in pensions, investments, negotiations, strategic networking and relationship building
- Government Partner pension priorities have been:
 - To first protect the basic pension; and
 - Then to protect its value through sustainable indexing

Hybrid Pension Plans

- The **basic pension** plan is a defined benefit plan
 - The plans have varying provisions as it relates to:
 - The pension formula (yrs of service x 5 yrs avg highest salary x accrual rate)
 - Early retirement provisions (bridge benefit, subsidy for early retirement)
- **Indexing** (cost of living increases to pensions in pay) is not guaranteed and funding is fixed, so it is provided on a defined contribution or targeted basis
- **Post-retirement group health benefits** (extended health and dental) are provided in each of the plans but are only subsidized on a pay-as-you-go basis in the Public Service and Municipal plans

Benefits of the Joint Trustee Agreement (JTA)

- Liabilities & surpluses and costs & risks are shared between members and employers
- Investment decisions of plan funds were transferred to the trustees
- Jointly appointed boards ensure diverse and representative trustees
- Board trustees hold the fiduciary duty and the duty of care
 - Fiduciary duty is the duty to act honestly and in good faith with a view to the best financial interests of plan beneficiaries free of influence from appointing authorities
 - Duty of care is the duty to use care, diligence, and skill to ensure the plans deliver the pension promise to members in retirement in a cost effective, fair, and equitable manner

Pension Plans Data

- The plans are fully pre-funded with funded ratios between 101-105%
 - Minimizes intergenerational transfer of cost
 - Retirees receive a pension that they and their employer paid for
- The 5 year average investment returns for the plans are 9.4-10.4%
- There are just under 550K members across the four plans
 - 172K are retired members, ~20% of B.C.'s working adult population
- The plans pool their funds for investment through bcIMC to capture economies of scale in investing
 - 70-80% of pensions come from investment returns (20-30% come from contributions that are shared nearly equally between members and employers)
 - The cost of pension fund investment is between 22-25 bps
- bcIMC was estab. through the PSPPA largely to provide investment mgmt. services to the four plans
 - There are 7 members on bcIMC's board: 3 are appointed by the Minister of Finance (2 representative of other clients of bcIMC) and each of the 4 boards appoint 1 member
 - The board is responsible to hire/fire and monitor/review the Chief Investment Officer, hire auditors and other professionals as required, make policies, and carry out appropriate oversight and reporting

Recent Activities

- **Plan design changes**
 - Each of the plans are at various stages, addressing issues such as:
 - Eliminating unintended inequities in the plan (such as adjusting contributions on salary levels below and above the average Canadian industrial wage – otherwise known as the YMPE)
 - Shifting benefits for greater equity (such as from early retirement subsidies to higher accrual rates)
 - Safeguarding indexing (such as moving to a sustainable indexing policy that ensures indexing for all members, current and future)
- **Canada Pension Plan (CPP) enhancement**
 - Increases the income replacement rate from 25% to 33% and increases coverage from the YMPE to an amount 14% higher
 - To address a pension coverage gap for those not saving enough for retirement – January 1, 2019 implementation
 - As occupational pension plans were not excluded from the enhancement, partners and boards are considering impacts and possible plan design changes
 - Affects each plan differently such that decisions will look different in each plan
 - Employers may want to consider contribution/benefit impacts in the next round of collective bargaining
 - The cost is 2% of salary up to the YMPE by 2023 to achieve the replacement rate increase and an additional 8% of salary for the new higher insured earnings level implemented in 2024 and 2025
 - These costs are shared equally between employers and employees

Recent Activities

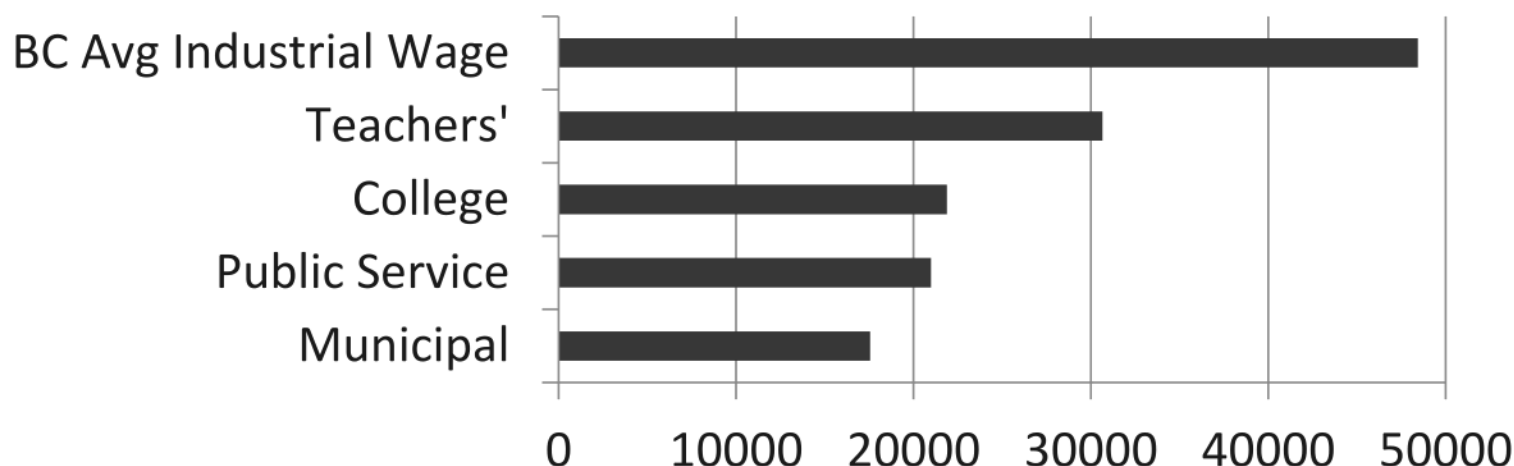
- **Teachers' Pension Plan**
 - Recently amended plan design to move to a higher flat accrual rate (which is part of the pension calculation formula – $\text{service} \times \text{salary} \times \text{accrual}$) by transferring early retirement subsidies to the accrual benefit.
- **Public Service Pension Plan**
 - Recently agreed to address contribution inequities (some members will see positive impacts and others negative impacts on their paycheques – earliest implementation April 2018, possibly January 2019) and to implement a sustainable indexing policy.
- **Municipal Pension Plan**
 - Currently implementing employer rate simplification (eliminating gender and age differentiation).
- **College Pension Plan**
 - Moved to a higher flat accrual rate by transferring early retirement subsidies to the accrual benefit; improved indexation by allocating 0.05% of each general wage increase to indexing until its targeted sustainable level is reached.

Challenges

- Low return market environment
- Increasing member longevity
- Maturing plans
- Public & media perceptions and demands

Gold-Plated?

The average pension payment in 2016:



- 70-80% is provided through investment returns, 10-15% through employee contributions, and the remainder is provided through employer (taxpayer in the case of government) contributions
- Judges and MLAs have a higher accrual rate than member in the four plans and benefit from the employer paying a higher percentage of the required contribution reflecting the average tenure of positions

Conclusion

- The public sector pension plans, though modest, are valued by their members and employers
 - They are recognized as a valuable component of the retirement income system which includes fully taxpayer funded Old Age Security/Guaranteed Income Supplement (GIS), the Canada/Quebec Pension Plans, and personal savings
 - The private sector largely does not have even this opportunity to save for retirement
 - Because of the long term pre-funding of the four plans, government/taxpayers are only contributing 10-15% of the cost of these pensions – and most members will be ineligible for the 100% taxpayer funded GIS and other federal/provincial low income retirement benefits
 - Private sector employees without an occupational pension plan will rely on these 100% taxpayer-funded benefits
- They are sustainable, cost-effective, and well managed
- Liabilities & surpluses and costs & risks are shared between employers and employees
- Intergenerational transfer is minimized
- They are leading edge in governance structure and policy and are recognized as best practices examples
- The plans have been positively contributing to BC's strong credit rating and have been endorsed by international investors

Public Sector Employers Act - Chronology

The *Public Sector Employers Act* (the *Act*) was first passed and brought into force in 1993. The purposes of the *Act* remain unchanged: to ensure coordination of human resource and labour relations policies and practices among public sector employers and to improve communication and coordination between public sector employers and representatives of public sector employees (s. 2).

The main features of the *Act* as passed in 1993 included:

- Creating the Public Sector Employers Council and enabling it to hire officers and employees (the Secretariat).
- Defining “public sector employer” and the seven sectors they are divided into.
- Directing the creation of employer associations for each of the seven different sectors except for the public service (s. 6).
- Identifying the purposes of those employer associations, including to coordinate compensation, benefits administration, human resources practices, and collective bargaining objectives within each sector (s. 6).
- Allowing but not requiring employer associations to become the accredited bargaining agent under the *Labour Code* (s. 11).

These features remain in the current *Act*.

In 1997, the *Act* was amended to give the Council power to establish employment termination standards for exempt employees (those not covered by a collective agreement). The Lieutenant Governor in Council then had the power to adopt a termination standard by regulation.

A major amendment to the *Act* occurred in 2002 with the addition of Part 3.1 (ss. 14.1-14.9). These amendments expanded the power of the responsible minister to set standards for exempt employee compensation. The major components included:

- Empowering the minister to set vacation and sick leave standards (s. 14.2).
- Empowering the minister to direct the creation of compensation plans (s. 14.3).
- An expansion of the power to set termination standards (s. 14.4).
- Expanding the minister’s power to collect compensation information for “senior employees” (defined as earning a salary above a prescribed amount (s. 14.5-14.9)).

In 2008, the *Act* was amended to require public disclosure of compensation information for senior employees. Public sector employers are required to make certain information in senior employee contracts available to the public (s. 14.8(3)-(4)). The CEO of the Council is also empowered to create a report on senior employee compensation.

List of other related legislation

Community Services Labour Relations Act [SBC 2003] CHAPTER 27

Labour Relations Code [RSBC 1996] CHAPTER 244

Public Education Labour Relations Act [RSBC 1996] CHAPTER 382

Public Service Act [RSBC 1996] CHAPTER 385

Societies Act [SBC 2015] CHAPTER 18

Page 083 to/à Page 105

Withheld pursuant to/removed as

s.13;s.17

Public Sector Employers' Council (PSEC Council) Function

BACKGROUND

The *Public Sector Employers Act* (and the "PSEC Model") was enacted after the 1993 Korbin Commission recommended changes to the organization and management of public sector human resources. The *Act* provides for public sector labour relations to be co-ordinated by a Public Sector Employers' Council. The Council is comprised of up to 15 members, including the Minister responsible for the *Act* (Chair) plus seven Cabinet Ministers or deputy ministers, a representative of each of the six employers' associations and the deputy minister of the Public Service Agency. Additionally, the *Act* also allows the Union of BC Municipalities to appoint a representative to attend meetings as an observer.

Section 5 of the *Act* authorizes the Council to retain a Chief Executive Officer and any other employees it considers necessary to support the work of the Council. These PSEC Secretariat staff support the role of the Council, and assume the day-to-day responsibility for co-ordinating human resource and labour relations practices through a structure of seven sectors, each with its own employers' association (with the Public Service Agency performing the role of employers' association for the direct Public Service).

Section 4 of the *Act* outlines the purpose of the Council as:

- to set and coordinate strategic directions in HR management and labour relations,
- to advise the government on human resource issues with respect to the public sector, and
- to provide a forum to enable public sector employers to plan solutions to human resource issues.

The *Act* also directly references the Council's responsibility as an enabling body for employee representatives (unions) to consult with employers on issues that are of importance to employees. While the *Act* does not regulate human resources and labour relations in the local government sector, it does provide a mechanism to influence compensation decisions and the outcome of negotiations.

DISCUSSION

s.13

Page 107

Withheld pursuant to/removed as

s.13

Page 108 to/à Page 114

Withheld pursuant to/removed as

s.13;s.17

Excluded and Executive Compensation Management in the B.C. Public Sector

Since 1993, British Columbia has regulated compensation in the broader public sector through the *Public Sector Employers Act* (the *Act*). This statutory approach to compensation has been consistently refined through amendments to the *Act* and by instituting excluded compensation policy reforms. The Minister responsible for the *Act* controls excluded and executive compensation by requiring review and approval of any changes to salary ceilings and other elements of compensation plans for all non-union and executive employees (except for superintendents of schools). For comparison purposes, a high-level overview of other provinces' approaches to managing public sector excluded compensation is provided as *Appendix A – Public Sector Compensation in Other Provinces*.

Since the wage freeze for excluded management employees was implemented in 2012, unionized employees have realized general wage increases of approximately 9%, while moving through their negotiated salary ranges or hourly wage grids.

Key components of B.C.'s current excluded compensation policy framework include a statutory public compensation disclosure regime (since 2002), a management compensation freeze in 2012, adoption of Taxpayer Accountability Principles (TAP) in 2014, and implementation of the recommendations from the *BC Public Sector Compensation Review* (the *Review*) in 2014. The recommendations from the *Review* have been a significant focus of public sector management compensation over the past three years and implementation of the *Review's* recommendations has been adopted by employers covered under the *Act*.

In broad terms, these initiatives are:

- **(April 2015 – January 2016):** the Minister responsible for the *Act* provided authorization for a managed exit from the 2012 management compensation freeze. Refreshed compensation philosophies for all employers were to include four common core principles of: *Performance, Differentiation, Transparency, and Accountability*, which are based on the compensation philosophy of the BC Public Service. Employers updated their compensation benchmarking comparators to reflect a greater focus on the B.C. public sector including the BC Public Service Agency. Latitude was provided to employers to transition out of the management compensation freeze for some employees (primarily middle management employees) within set parameters, based on performance (up to a maximum of 2% per calendar year within salary ranges) and to address compression, inversion, and internal equity challenges faced by employers. All requests for management salary adjustments required prior approval of the PSEC Secretariat.
- **(May 2016 – ongoing):** Further latitude was subsequently provided by the Minister responsible to executive level employees (including CEO's in the post-secondary sector and service delivery crown corporations) to have access to in-range salary increases; salary range ceilings could also

be increased by the equivalent unionized general wage increases with movement through ranges continuing to be based on performance and to address compression, inversion, and internal equity. Of note, CEO's at Health Authorities and Research Universities were not able to access salary adjustments through this direction.

- **Compensation Plan Adjustments:** Since 2015, a number of employers have received ministerial approval to conduct comprehensive adjustments or updates to existing compensation plans and salary structures in order to address internal compensation issues – specifically the placement of key personnel in appropriate salary ranges/bands. These structural changes have resulted in increased consistency between 'like' employers and 'like' positions (e.g. finance clerks, human resource personnel in the K-12 system), with some employees being paid above the top of salary ranges (and frozen) and others having access to increased salary ranges as structures are brought into alignment. However, 'how' employees move through their salary ranges continues to be managed (up to 2% in a calendar year). The K12 sector completed its compensation plan revisions in 2016. The post-secondary sector has completed a redesign but must receive formal approval from the Minister responsible for the *Act* prior to implementation, and the employers' association for the health sector (HEABC) is expected to submit a structural redesign through the PSEC Secretariat to the Minister responsible in the fall of 2017.

s.13

Page 117 to/à Page 121

Withheld pursuant to/removed as

s.13

Issue Note

2016/17 Executive Compensation Disclosure

ISSUE

The Public Sector Employers' Council Secretariat (PSEC Secretariat) provides the Minister of Finance with an analysis of all the executive compensation data disclosed in that fiscal year by employers, and coordinates the broad disclosure of disclosure material on their behalf. The 2016/17 disclosure is the 10th year of this transparent process in which British Columbia is a leader amongst all the provinces, and was released on June 28 during a Fiscal Update, and is now posted on the PSEC Secretariat website.

BACKGROUND

In 2007/08, amendments were made to the *Public Sector Employers Act* (the *Act*) to improve transparency of financial information and reporting by requiring public sector employers to annually disclose executive compensation paid to the CEO and the four highest ranking/paid executives of an organization with a base salary of \$125,000 or more.

The *Act* requires employers to disclose **total compensation** for the fiscal year which includes base salary, benefits, pension contributions, perquisites and holdbacks (in some cases bonuses), as well as an explanation of the organization's compensation philosophy, the objectives, how it relates to the performance targets and how the actual compensation paid is linked to all of the above. In addition, a signed letter or attestation from the board chair is required to verify the accuracy of the disclosure and that the compensation paid in that year is in keeping with an approved compensation plan or contract for the individuals.

ADDITIONAL DETAILS

- On June 28th, 60 public sector employers met the requirements of the *Act* by posting a disclosure statement that includes the summary compensation table, the organization's compensation philosophy, and a signed attestation from the board chair. Disclosure statements are posted on websites for both the organization and the [PSEC Secretariat](#).
- The 60 K-12 school districts disclose before the end of December due to their later June 30 fiscal year end.
- The disclosure has typically coincided with the annual Public Accounts, which includes reporting of cash compensation as required by the *Financial Information Act (FIA)*. However, the executive compensation disclosure and the *FIA* call for different financial information summarized below:

Financial Information Act

- All employees, not just executives, earning over \$75,000 in **cash compensation**;
- Based on T4 slip information - no details on holdback/bonuses, extended benefits or pension arrangements, includes local government.

Public Sector Employers Act

- CEO/President and top four executives (decision-makers) with a base salary of \$125,000 or more;
- **Total compensation** – holdback/bonus, benefits, perquisites, allowances, pension, severances, salary continuance and any other payments.

Top 10 for 2016/17:

Employer	Rank	Position/Title	Salary	Holdback	Benefits	Pension	All Other Comp	Total Compensation		
								2016/17	2015/16	Rank
Powerex - Subsidiary of BC Hydro	1	Thomas Bechard, Managing Director, Trading	\$359,421	\$487,800	\$18,389	\$16,870	\$2,287	\$884,767	\$876,019	1
BC Hydro	2	Jessica McDonald, President & CEO	\$361,790	\$33,396	\$22,964	\$77,785	\$32,407	\$528,342	\$489,111	5
BC Securities Commission	3	Brenda Leong, Chair	\$436,420	\$0	\$14,269	\$46,871	\$6,969	\$504,529	\$499,251	3
BC Hydro	4	Christopher O'Riley, Deputy CEO & Cap Infrastructure Proj Del	\$326,658	\$61,512	\$22,036	\$70,231	\$17,870	\$498,307	\$489,534	4
Insurance Corporation of BC	5	Mark Blucher, President & CEO	\$334,125	\$41,766	\$18,605	\$68,788	\$15,872	\$479,156	\$403,179	14
Powerex - Subsidiary of BC Hydro	6	Teresa Conway, Pres & CEO Powerex	\$326,562	\$57,667	\$22,034	\$70,211	\$1,058	\$477,532	\$470,945	7
Insurance Corporation of BC	7	Geri Prior, Former Chief Financial Officer	\$331,650	\$46,431	\$19,048	\$69,189	\$9,731	\$476,049	\$406,026	12
BC Hydro	8	Greg Reimer, EVP, Transmission & Distribution	\$294,142	\$36,596	\$21,178	\$63,241	\$41,832	\$456,989	\$432,878	8
Simon Fraser University	9	Andrew Petter, President	\$341,519	\$33,000	\$10,832	\$33,716	\$36,272	\$455,339	\$478,908	6
BC Hydro	10	Cheryl Yaremko, EVP, Finance, Business Services & CFO	\$282,503	\$53,158	\$20,871	\$60,738	\$13,671	\$430,941	\$401,879	15

Actions to manage executive compensation have been underway beginning in 2012 with the implementation a cross-sector excludes compensation freeze and a new Crown compensation framework which included the elimination of of certain elements of total compensation such as perquisites, and brought further alignment to the base salaries of CEOs and senior executives. The Crown compensation practices were later implemented across the broader public sector with the exception of K-12 due to the elected governance structure that is exclusively responsible for determining superintendent compensation.

In 2015, following consultation with employers, movement to align excluded compensation lead to the ability to address demonstrated cases of inversion, compression or retention of employees meeting performance objectives with modest wage adjustments consistent with unionized increases – later extended to executives, all with an approved business case. As part of this process, employers adopted a common public sector compensation philosophy that includes core principles and shared benchmarking as a standardized approach that will bring consistency to the sector, reduce competition and greater sustainability.

Out of Scope

- Some organizations frequently assumed to be part of the public sector are not captured by the broad disclosure.
- BC Ferries, Translink, BC Pension Corporation, and BC Investment Management Corporation are excluded from the requirements of executive compensation disclosure because they do not meet the definition of the *Public Sector Employers Act*.
- These organizations are still subject to disclosure under the *FIA*, with the exception of BC Ferries, which ensures that its executive remuneration is made public as required under the *Coastal Ferry Act*.

Appointee Remuneration Committee & Triennial Directive Reviews

BACKGROUND

The British Columbia government appoints individuals to serve on 84 Ministry and Crown Agency Boards as well as 29 Administrative Tribunals and Regulatory Boards. Remuneration policies for these appointees are set by Treasury Board Directives (TBDs) pursuant to sections 4 and 27 of the *Financial Administration Act*.

The TBDs are reviewed every three years to ensure a consistent and transparent approach; the 2016 review concluded on December 15, 2016 with the online posting of the following updated directives (see Tab 12 for printed documents):

- *Treasury Board Directive 1/17 - Remuneration Guidelines for Appointees to Administrative Tribunals and Regulatory Boards*; and
- *Treasury Board Directive 2/17 – Remuneration Guidelines for Appointees to Ministry and Crown Agency Boards*.

The TBDs set the maximum remuneration for appointees based on different categories of organizations and positions. The TBDs also provide guidance on a range of related matters, including travel, accommodation and expense reimbursements in accordance with government rates, and annual remuneration disclosure.

For Administrative Tribunals and Regulatory Boards (TBD 1/17), the aim is to set remuneration in line with the level of technical expertise required of the specific tribunal or regulatory board. Full-time appointees are office holders that are treated similar to public service employees, including access to a range of employment benefits. The part-time appointees are office holders treated similar to independent contractors.

For Ministry and Crown Agency Boards (TBD 2/17), there is similar accommodation for differences in organizational complexity. However, the approach is tempered with the recognition that service to a Crown agency board is a part-time commitment that entails an element of public service. As such, the guidelines are clear that compensation is only provided in some cases. Many Crown and Ministry board appointments include no remuneration, or remuneration that is below the published ranges.

APPOINTEE REMUNERATION COMMITTEE

With membership established by the Chair of Treasury Board, the Appointee Remuneration Committee (ARC) is responsible for administering the remuneration guidelines. ARC is chaired by the PSEC Secretariat CEO and includes the Deputy Ministers responsible for the Office of the Premier, the Board Resourcing and Development Office, the Ministry of Justice, and the Public Service Agency.

ARC provides general support and recommendations to Treasury Board on matters of appointee remuneration and is responsible for classifying boards and tribunals within the established classification framework. Once ARC classifies a board or tribunal, the minister responsible for the

entity can establish specific remuneration amounts within the approved ranges.

ARC also administers requests for permanent or temporary exceptions to the TBDs. ARC has delegated authority to grant exemption requests to Level 1 and Level 2 Crown agency boards. All other exception requests are reviewed by ARC prior to submitting a recommendation to the Chair of Treasury Board for decision.

PSEC staff serves as the secretariat to ARC, providing day-to-day administration and management of ARC requests. The PSEC website hosts public information including the TBDs and the board and tribunal classification levels. The PSEC Secretariat also ensures the annual posting of appointee remuneration information to the appropriate organization's website.

2016 TRIENNIAL REVIEW

The 2016 review resulted in no substantive changes to the remuneration framework for Ministry and Crown Agency Boards (TBD 2/17). Minor housekeeping changes included: enhanced clarification on definitions of retainers, per diems, ministry board definition; specification on which 'minister' is referenced; addition of differentiated remuneration wording; streamlining of permanent exception requests to the Chair of Treasury Board through ARC; and approval of an exception for Electoral Boundaries Commission and the Judicial Compensation Commission for remuneration amounts but not from other provisions in the directive.

The 2016 review did result, however, in significant changes to the remuneration framework to Administrative Tribunals and Regulatory Boards (TBD 1/17). A new 5-tier classification structure replaced the previous 3-tier grid and updated remuneration ranges were established for each of the five tiers (ranges were last adjusted in 2007). As part of the review, ARC reclassified all existing tribunals to the 5 tiers based on 15 classification criteria developed with the assistance and input from all tribunal chairs. This allowed for remuneration that better reflects the diversity of skills and experience required across 29 very different administrative tribunals and regulatory boards.

Minor housekeeping changes for TBD 1/17 included: addition of regulatory board definition to describe scope; clarification on remuneration of multiple part-time members; ensuring that professional dues are provided only if approved by the Attorney General; removing the requirement that medical practitioners be remunerated as per the BCMA compensation agreement allowing for lesser remuneration; the addition of differentiated remuneration wording; and the streamlining of permanent exception requests to the Chair of Treasury Board through ARC.

Implementation of the new framework is under way, consistent with the approach taken for excluded employees. ARC continues to ensure that any compensation adjustments that are permitted under the new ranges are addressed through existing ministry budgets and implemented in a manner consistent with the measured approach taken for excluded compensation increases across the broader public sector.

The next triennial review will occur in early 2019.

Page 126 to/à Page 149

Withheld pursuant to/removed as

s.13

Public Sector Employers' Council Secretariat

Transition Binder

July 2017



PSEC

Public Sector
Employers' Council
Secretariat

Summary of Labour Relations Data & Trends

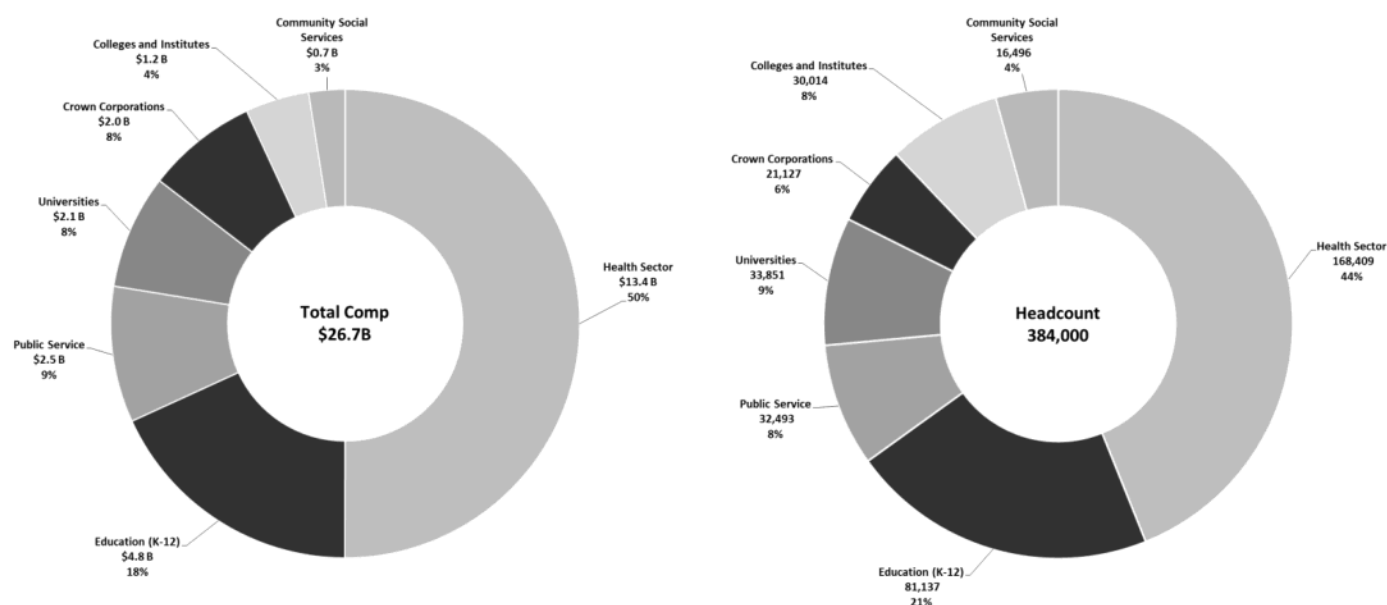
2017

Public Sector Employers' Council Secretariat

Summary of Labour Relations Data & Trends

Table of Contents

Introduction.....	2
Q&A Public Sector Compensation & Labour Relations.....	3
Public Sector Executive Compensation	11
Public Sector Pension Plans (subject to the <i>Public Sector Pension Plans Act</i>)	13
Appendix A - Other Labour Relations Charts	15
Appendix B – Unionized Groups – Collective Agreement Expiry Dates	20
Appendix C – Mandates	21



Introduction

Government and public sector employers spend \$26.7B on compensation for public sector employees. This is equivalent to more than half of the Provincial budget. About 82% of these costs (almost \$21.9B) are determined by employers and unions through collective bargaining for the 310,000 unionized workers in the British Columbia public sector. Each one percentage point increase in total compensation for unionized public sector employees costs \$219M (as of April 2016). If applied to all union, non-union and management groups, this increases to \$267M.

The Public Sector Employers' Council Secretariat (PSEC Secretariat) is created under the *Public Sector Employers Act*, and reports to the Minister of Finance as the Minister Responsible for the Act. The PSEC Secretariat is the central agency supporting government on all issues related to public sector collective bargaining, as well as non-union compensation. It also carries out the daily work of the government partner in the four public sector pension plans continued by the *Public Sector Pension Plans Act* – Municipal, Public Service, Teachers' and College. The plans currently hold assets in excess of \$96.3 billion.

As such, PSEC Secretariat creates or has access to significant quantities of data in these core areas of labour relations, pensions and executive compensation. The state of its data in these areas is the most complete in Canada and is studied by other jurisdictions.

This document uses a portion of PSEC Secretariat's data to address the commonly raised questions, concerns and criticisms that may arise as the Minister responsible for the Public Sector Employers' Council. Some of these are presented in question and answer format and others in graphs or tables about unionized compensation in the public sector, labour relations, pensions and non-union, excluded and executive compensation.

Q&A Public Sector Compensation & Labour Relations

Unions have stated that the centralized mandate approach to negotiations in the public sector denies them the right to free collective bargaining. Why does B.C. use the “PSEC model” to negotiate with unions?

Government makes a commitment to citizens to manage the provincial budget on behalf of citizens and to provide sustainable services at a cost the public can afford.

Prior to 1993, when the current model was developed, various governments found they were responsible for the funding of hundreds of public sector collective agreements over which they had no control. The PSEC Model was the result of the Korbin [Commission of Inquiry into the Public Service and Public Sector](#) which found the decentralized bargaining structure then in place to be costly and inefficient.

The PSEC Model – established through legislation under the [Public Sector Employers Act](#) - has one central agency co-ordinating bargaining across the public sector through sectoral employers' associations, which allows unions to bargain directly with employers while ensuring that government's policy direction and the needs of taxpayers are respected. Government is ultimately accountable to the public for the costs and service delivery outcomes of bargaining. The PSEC Model allows government the means to manage and reconcile these core interests.

In recent years, decentralized bargaining in other provinces has led to unmanageable cost increases that ultimately require cuts to public services. B.C. is seen as a national leader in bargaining processes, and other provincial governments now look to the PSEC Model as a guide for restructuring bargaining in their own jurisdictions.

There is no question that the setting of a mandate limits the ability of specific employers in bargaining by bringing together the responsibility for setting the mandate with the responsibility to fund it. Since 1993, the advantages of this approach have been judged to outweigh this disadvantage. Regardless of structure, employers, whether in the private or public sectors, develop bargaining positions that reflect policy and financial priorities for use at the table. Provincial mandates in B.C. lay out the terms for bargaining consistent with government's priorities, which are then negotiated at the table, and may vary across sectors.

Why does it seem like public sector workers have higher wages than comparable workers in the private sector?

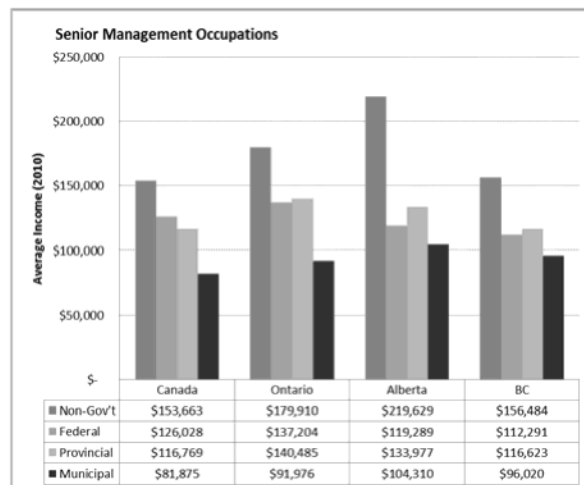
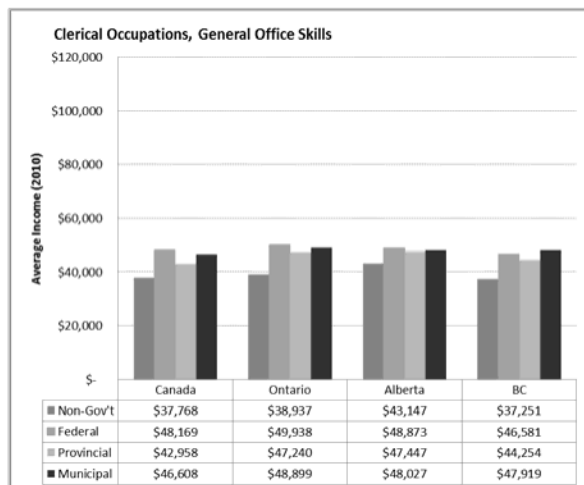
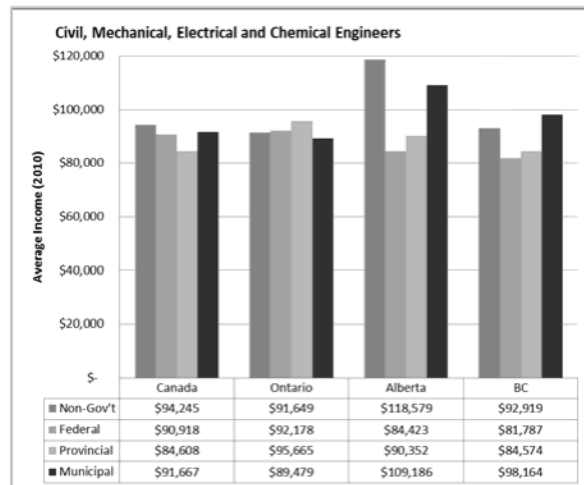
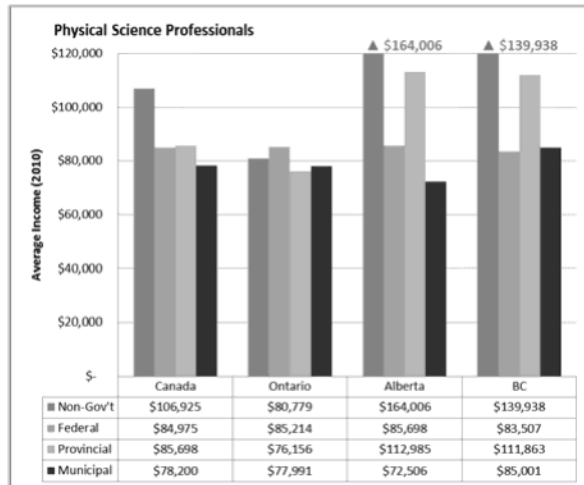
An analysis using the best available data, the Stats Can 2011 census, found that there are jobs in the public sector that have higher wages than the equivalent private sector jobs, and others where the opposite is the case. Clerical and administrative positions tend to be higher paid in the public sector. This relates mainly to past pay equity initiatives in these female-dominated occupations.

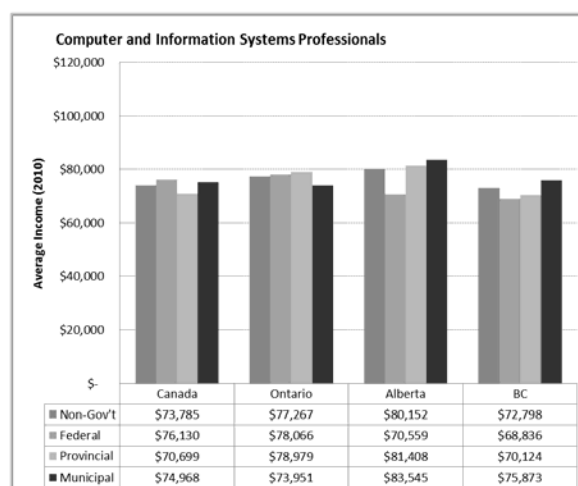
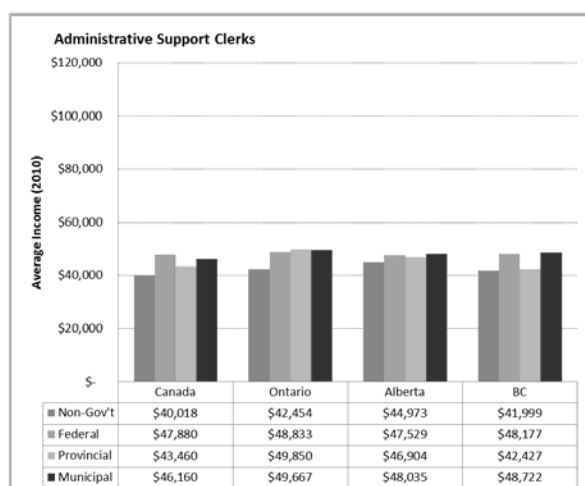
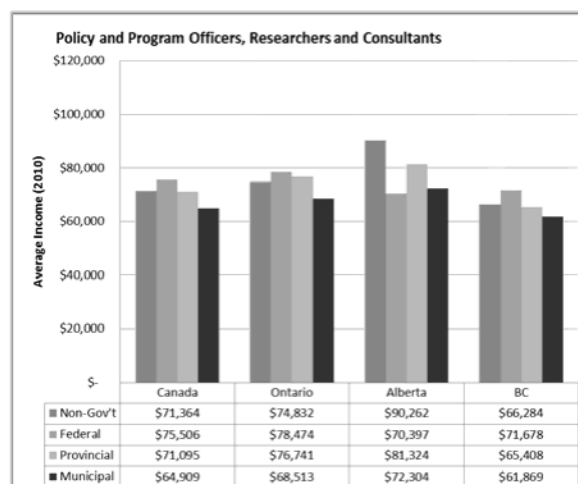
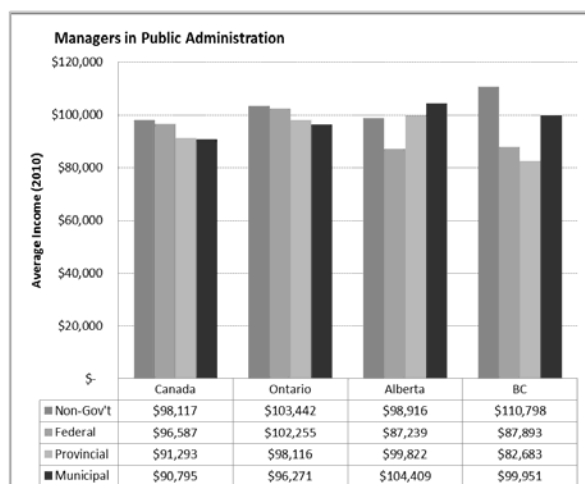
Engineers, science professionals and management positions within the public sector are generally compensated less than similar positions in the private sector. This is most pronounced at the senior management levels where private sector compensation is far in excess of the public sector.

The following charts demonstrate these conclusions. These charts were produced by the PSEC Secretariat using the 2011 census data from Stats Can. The charts show reported income by either the individual or if given permission, from tax returns of persons in various occupations. The PSEC

Secretariat compared those occupations in categories common to both the public sector and private sector, federal and municipal governments across Canada, Ontario, Alberta and British Columbia. New census data is scheduled to be released in September 2017.

Data Source: Stats Canada 2011 Census



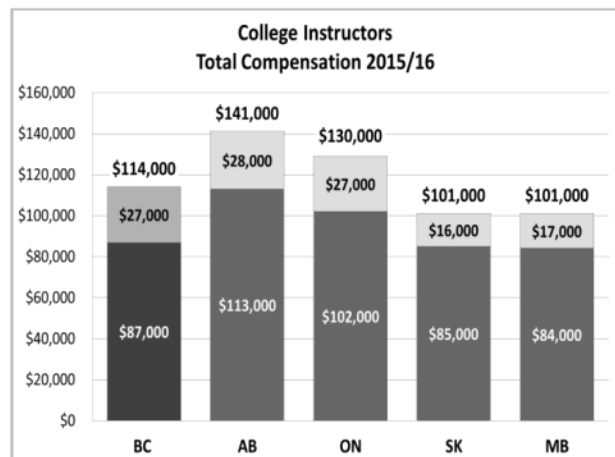
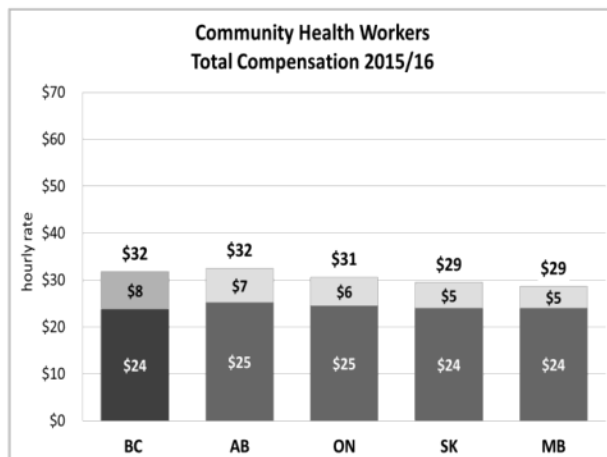
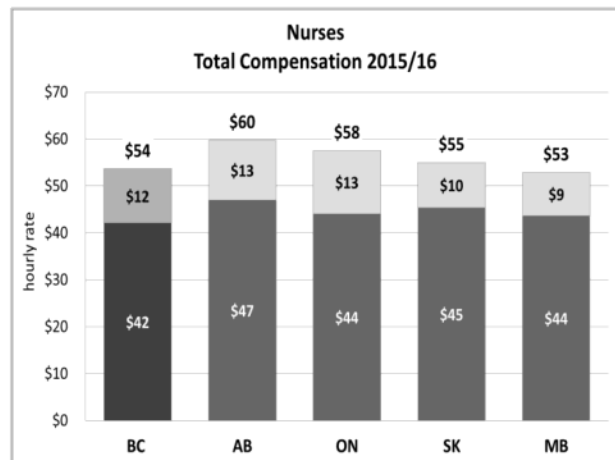
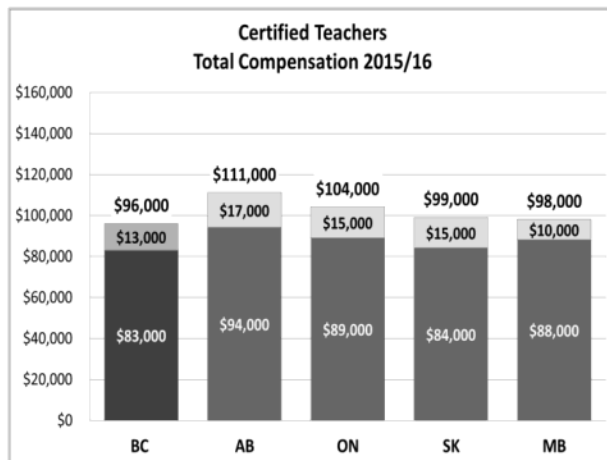
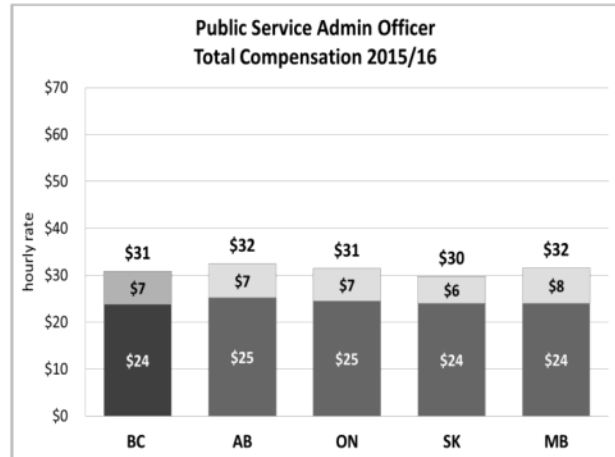
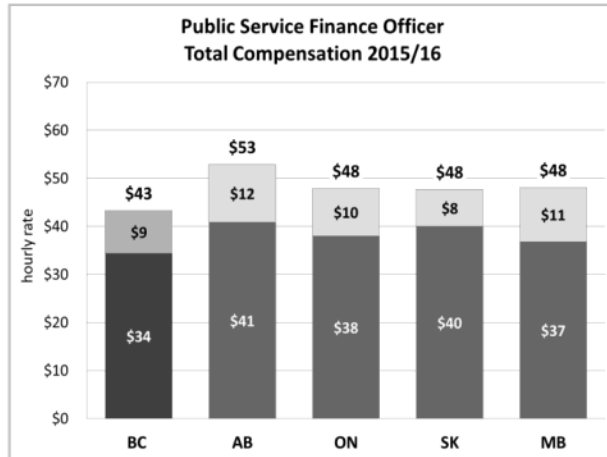


Where do B.C.'s public sector occupations rank when it comes to total compensation?

"Total compensation" includes wages and benefits such as pension, extended health care, leaves and vacation. It is a broader measure of the financial value of compensation than wages alone.

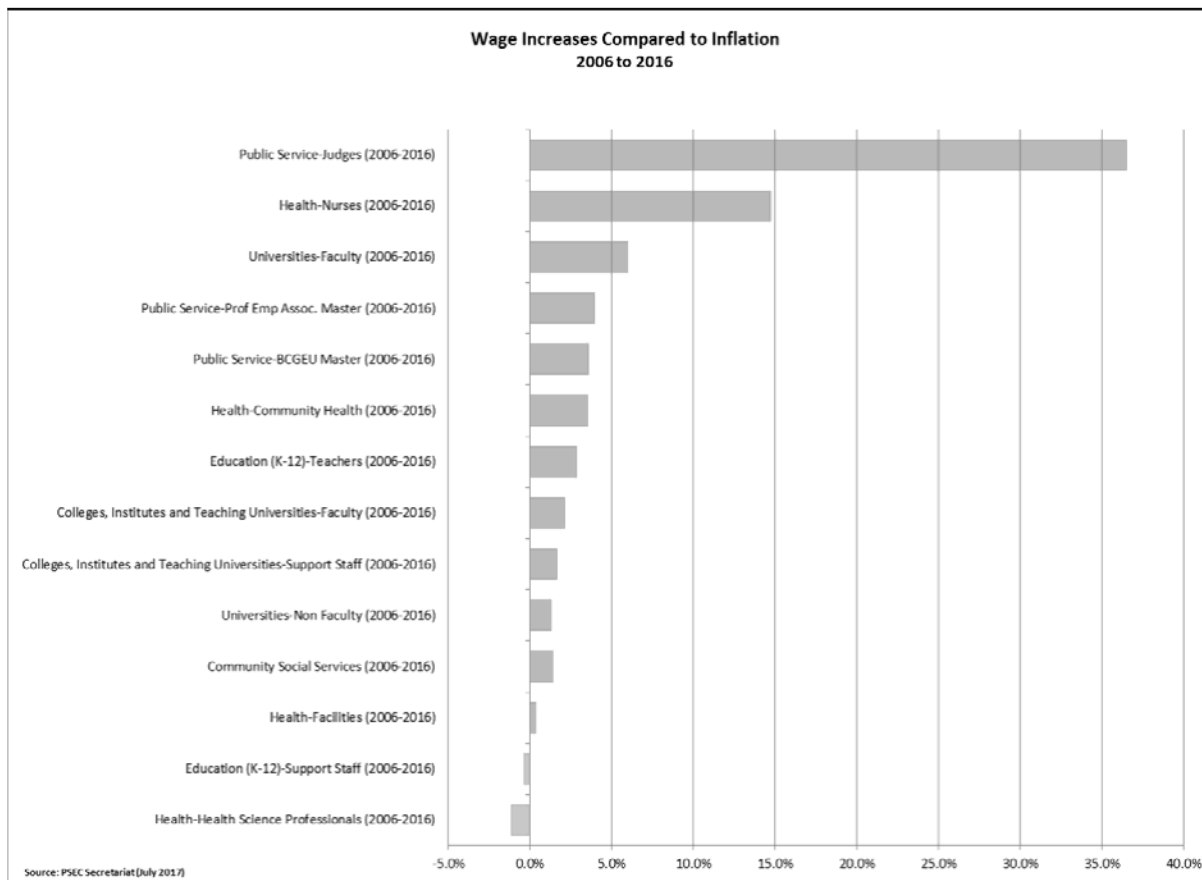
The following charts show how the total compensation of some common unionized B.C. occupations rank as compared to the same occupations in other specific provinces. The total compensation has been quantified using the PSEC Secretariat's total compensation model. In this model a dollar value is assigned to benefits of other provinces based on their estimated value relative to that of similar occupations in B.C. The values for B.C. occupations are derived from PSEC Secretariat's Compensation Base Survey conducted prior to major rounds of bargaining.

■ Max. Wage ■ Benefit Costs



Have public sector wages in B.C. fallen behind inflation?

Some groups have fallen behind inflation to varying degrees when we look at the available data. The following table compares general wage increases (GWI's) of various professions in contrast to inflation. Well ahead are Judges and Nurses. Some of the furthest behind are employees working as Health Science Professionals and Support Staff in K-12.

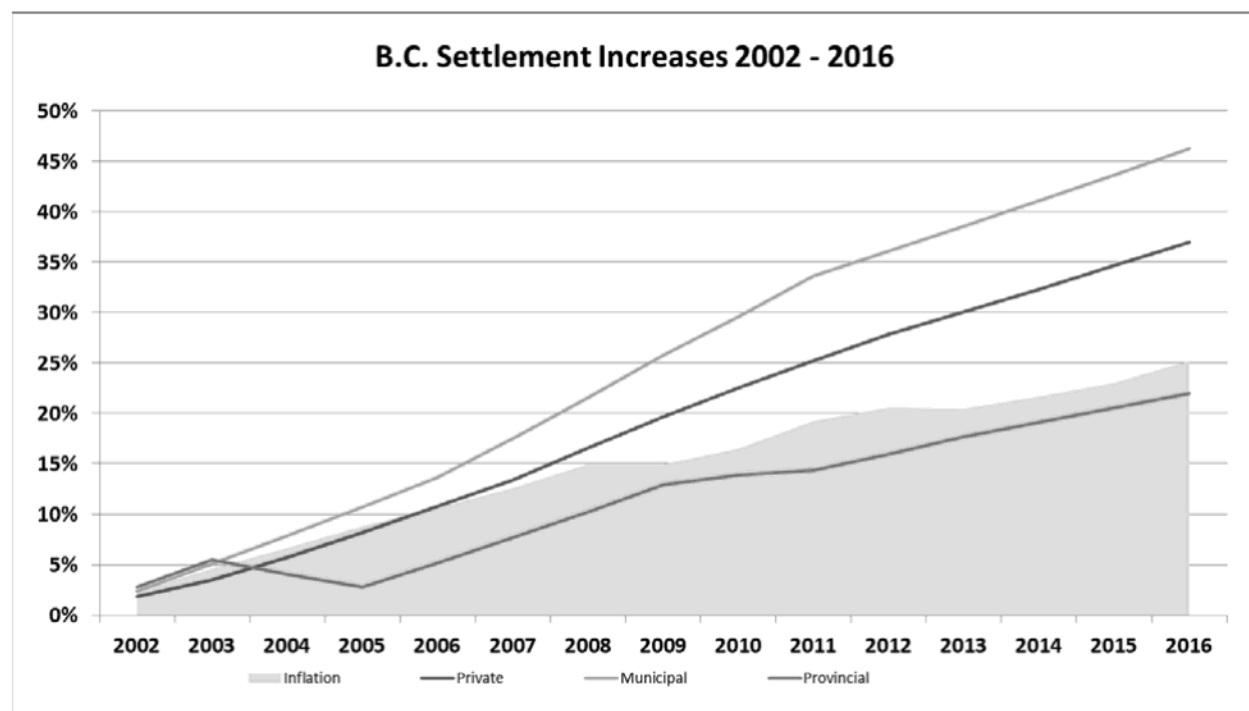


Note:

Community Social Services excludes 2 years' comparability payments.

Are government workers' salaries increasing at a faster rate than in the private sector?

Based on (settlement) data from Employment and Social Development Canada (ESDC), the average annual wage increase (collective agreements and wage settlements) for the public sector has lagged the private sector, municipal governments, and inflation in B.C.



Note: All GWI's are nominal and exclude staggering. Calculation includes compounding.

Public Sector Bargaining Mandates & Agreements

2014 Economic Stability Mandate

The 2014 Economic Stability Mandate applied to all public sector employers with unionized employees whose collective agreements expired on or after December 31, 2013.

The mandate provided:

- employers with the ability to negotiate longer-term agreements within a fixed fiscal envelope
- public sector employees with an opportunity to participate in the Province's economic growth through the Economic Stability Dividend – for example, if actual real GDP growth is one percentage point above forecast real GDP growth, then a 0.5% wage increase would result, beyond whatever wage increase had been negotiated in the contract

The goals of the mandate:

- To create certainty and stability throughout the public sector through longer-term voluntarily negotiated agreements.
- To protect the Province's fiscal plan and public services by negotiating collective agreements that provide affordable service delivery to B.C. taxpayers.
- To provide public sector employees with the opportunity to share in the economic growth of the Province, conditional upon economic performance and ability to pay.

2012 Cooperative Gains Mandate

The 2012 Cooperative Gains Mandate applied to all public sector employers whose collective agreements expire on or after December 31, 2011.

- The Cooperative Gains Mandate enabled public sector employers to negotiate modest wage increases made possible by productivity increases within existing budgets
- Settlements under the Cooperative Gains Mandate were unique and differentiated between sectors and between employers in some sectors as each depended on a number of factors, particularly the ability to generate savings to fund modest compensation improvements

Principles of the 2012 mandate:

- The Province will not provide additional funding for increases to compensation negotiated in collective bargaining
- Employers are directed to work with responsible ministries and employer bargaining agents to develop Savings Plans to free up funding from within existing budgets to provide modest compensation increases
- Employers must not reduce service levels to the public in order to fund compensation increases
- Employers must not transfer the costs of existing services to the public to pay for compensation increases

- Savings Plans can include savings resulting from operational cost reductions, increased efficiency, service redesign, business gains and other initiatives, so they can propose much broader savings than under the previous Net Zero Mandate
- Identified savings are to be used to fund compensation increases that will facilitate negotiated settlements with unions through collective bargaining
- Identified savings must be real, measurable and incremental to savings identified by public service employers to meet Provincial Budget and deficit reduction targets for 2012/13 and beyond
- Employers and unions may also negotiate other savings at the bargaining table to supplement Savings Plans
- Employers are not required to negotiate a target wage increase but increases must be modest and employers must have an approved Bargaining Plan from government
- Employers must seek agreements of at least two years in length; there is no maximum term for collective agreements under the Cooperative Gains Mandate

2010 Net Zero Mandate

The 2010 Net Zero Mandate applied to all public sector employers whose collective agreements expired on or after December 31, 2009.

- Under the 2010 Mandate, negotiators sought to move money from one part of the collective agreement to another, so any improvements in the collective agreements have to be offset by savings in other compensation areas

Elements of the 2010 mandate:

The goal of Mandate 2010 was to achieve voluntarily negotiated collective agreements in the B.C. public sector that assist the Province in delivering public services in a cost-effective and financially prudent manner:

- A two-year term
- No net increases in total compensation costs
- Compensation trade-offs: savings found through (mutually-agreed) changes in collective agreements may be used to fund compensation increase

Public Sector Executive Compensation

Compensation paid to Crown executives and others throughout the public sector has been perceived as excessive. Does government do anything to control this?

There is no question that executives, particularly those in the large Crown corporations, receive sizable amounts of compensation. A consideration in setting that compensation is the labour markets from which executives are recruited and to which they are lost, as well as the scope of the organization and responsibility that is expected for the position. Compared to other provinces executive compensation in B.C. Crown corporations is not high and is significantly lower than in the private sector. In 2015/16, Powerex's managing director, the highest paid executive, earned \$876K, which is about 1/14 of what the president of Telus Corporation, Darren Entwistle, took home, as the province's top private sector earner at \$12.53M in salary, bonus and options to purchase shares.

The main tool for controlling Crown corporation executive compensation has been a framework of CEO compensation maximums that was established in 2007 and for the most part, has not been adjusted since.

In the past there were concerns about excessive amounts of earnable bonuses in some Crown corporations and lax administration of those bonuses. In July 2012 new policies were put in place to reduce executive compensation at the large Crown corporations, and to reduce and tighten the administration of incentive pay.

Since the implementation of the Crown Executive Compensation Policy, a number of changes have been identified:

- the number of executives receiving holdbacks or bonuses has fallen by 26% (from 100 executives to 74);
- the total amount of holdbacks and bonus payments has dropped by 50% (from \$4.4M to \$2.2M);
- the average amount of holdback or bonuses fell by 39%, or \$18,876 (from \$48,784 in 2012/13 to \$29,908 in 2015/16); and,
- Now 25% of executives receive performance-based compensation compared to 36% in 2010/11.

CEO Total Compensation Maximums

In 2007 Cabinet approved a framework of CEO total compensation maxima for organizations subject to the *Public Sector Employers Act*. The maxima remained as established in 2007 and, over time, the number of CEOs red-circled above the maxima has fallen as a result of normal attrition. The maxima range from \$489,000 for BC Hydro, \$403,000 for ICBC, \$500,000 for the University of British Columbia and \$150,000 to \$300,000 for small Crown corporations and community colleges.

In 2017, consistent with other measures to emerge from the excluded compensation freeze initiated in 2012, Government gave direction to permit aging of compensation levels for CEO's at service delivery Crown agencies, in which PSEC Secretariat received proposals from Crown corporation boards to adjust the total compensation maximum for these CEO's by 5.95% - consistent with the unionized increases negotiated under the 2014 Economic Stability Mandate. These proposals had to include updated benchmarking and a strong business case outlining the retention and/or compression concerns being considered by the board.

Executive compensation levels are a magnet for criticism in that they often exceed the public perception of what is reasonable when they are left to boards of directors to determine without government control. At the same time, boards observe that government-imposed caps limit the pool of acceptable candidates when vacancies need to be filled. With rare exceptions, executive compensation consultants have not been an objective source of information and advice to reconcile these competing dynamics. Executive compensation in British Columbia neither leads nor lags that in other provinces. It tends to lag the federal public sector, Alberta and Ontario, and significantly lags the private sector.

Public Sector Pension Plans (subject to the *Public Sector Pension Plans Act*)

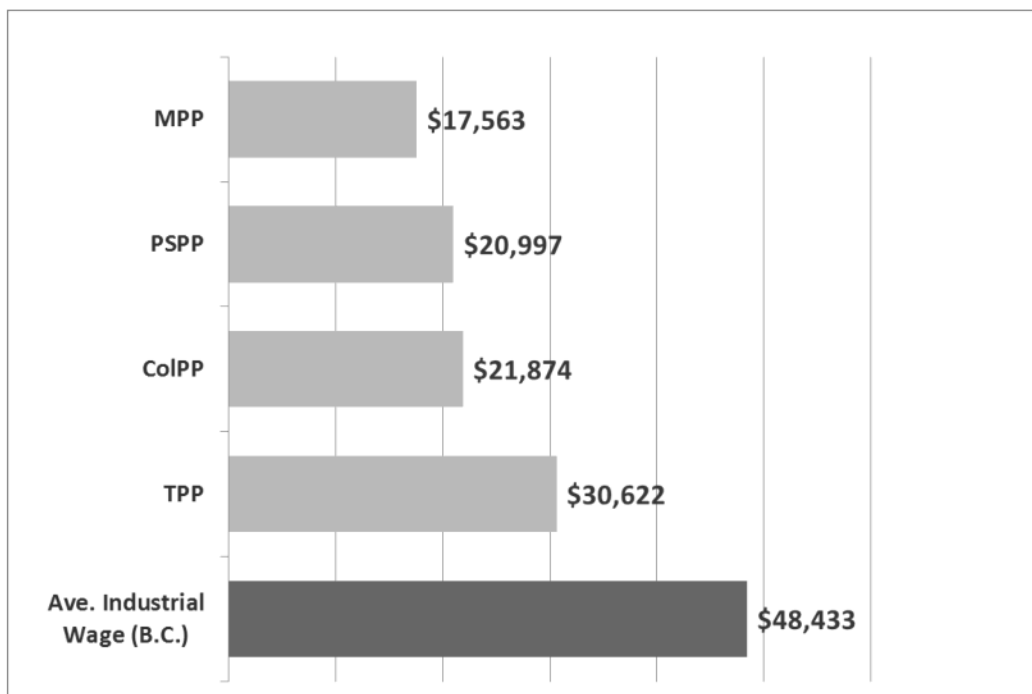
Why should public sector workers get such rich pensions when people in the private sector do not?

Public sector employees in British Columbia do not receive 'rich' pensions on retirement. See the chart below.

The four main public sector plans in B.C. are jointly and fully pre-funded by employers and employees.

This allows investments to pay for 70 to 80% of the pension public sector workers receive. The remaining 20 to 30% is shared by employees and their employers during an employee's work life.

Average Annual Pension in Pay for the Four Public Sector Pension Plans 2016



Many employees without an occupational pension plan will need to rely on the fully taxpayer-paid benefits of Old Age Security, Guaranteed Income Supplement and other federal and provincial seniors' income and benefit programs. The establishment of broadly-based private sector pensions and expanding the Canada Pension Plan would help address this.

Governments in Canada have recognized that retirement security is a three pronged responsibility composed of government (CPP, OAS, GIS), employer (occupational pension plans), and individuals (personal savings).

Why should taxpayers have to pay for public sector workers' pensions?

To the extent that the employer is government, taxpayers contribute, as part of overall employee compensation, between 10 and 15% of pensions. Employees also contribute and in many cases, have given up compensation in the past in favour of improved pension benefits. Taxpayers do not contribute except in their role of employer.

Are former public sector employees allowed to receive a pension and be paid for consultancy work?

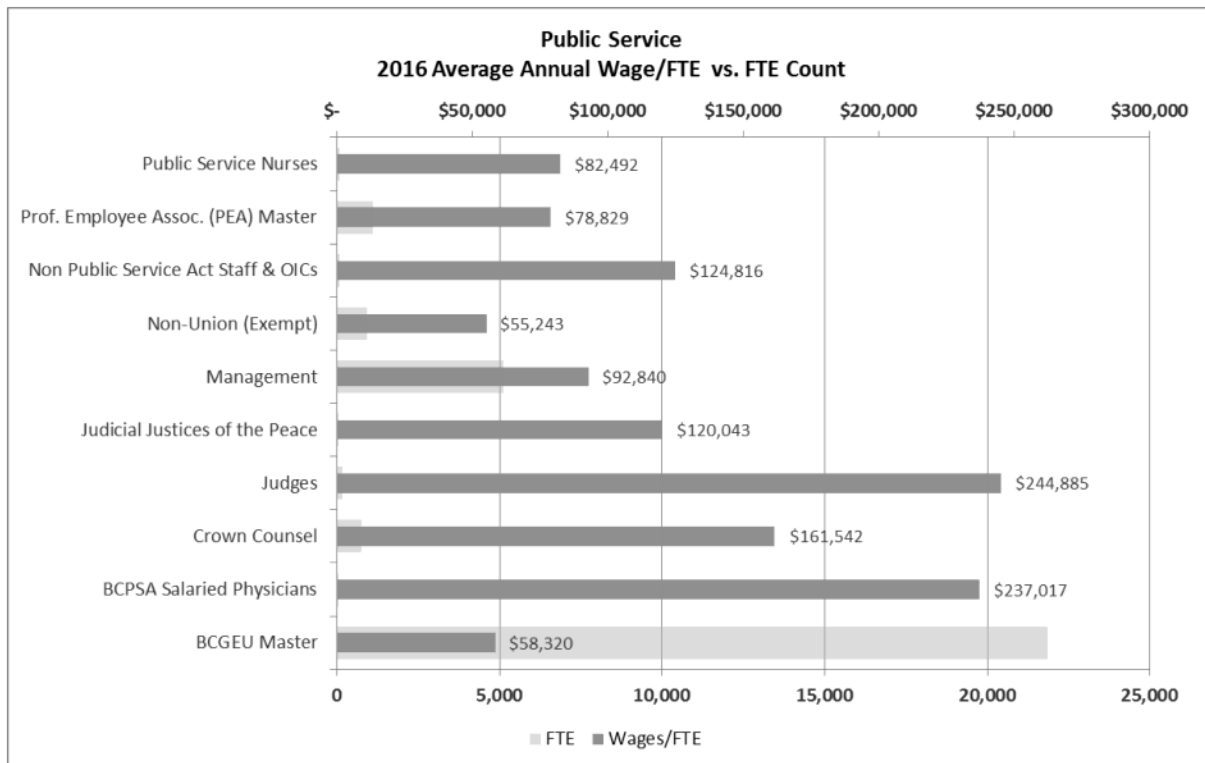
There is a mischaracterization of this as "double-dipping". When an employee retires from the public sector, they have earned a pension for the years spent with an employer. Some retired employees go on to take work as consultants or contractors due to their knowledge and experience – this is not a violation of any rule or regulation under legislation. Rather, "double dipping" refers to when an employee has been severed and is then re-employed in the public sector during their period of severance, in which case the employee is obligated to notify their former employer and pay back to the employer any amount of severance received after re-employment or it is a debt owed to government.

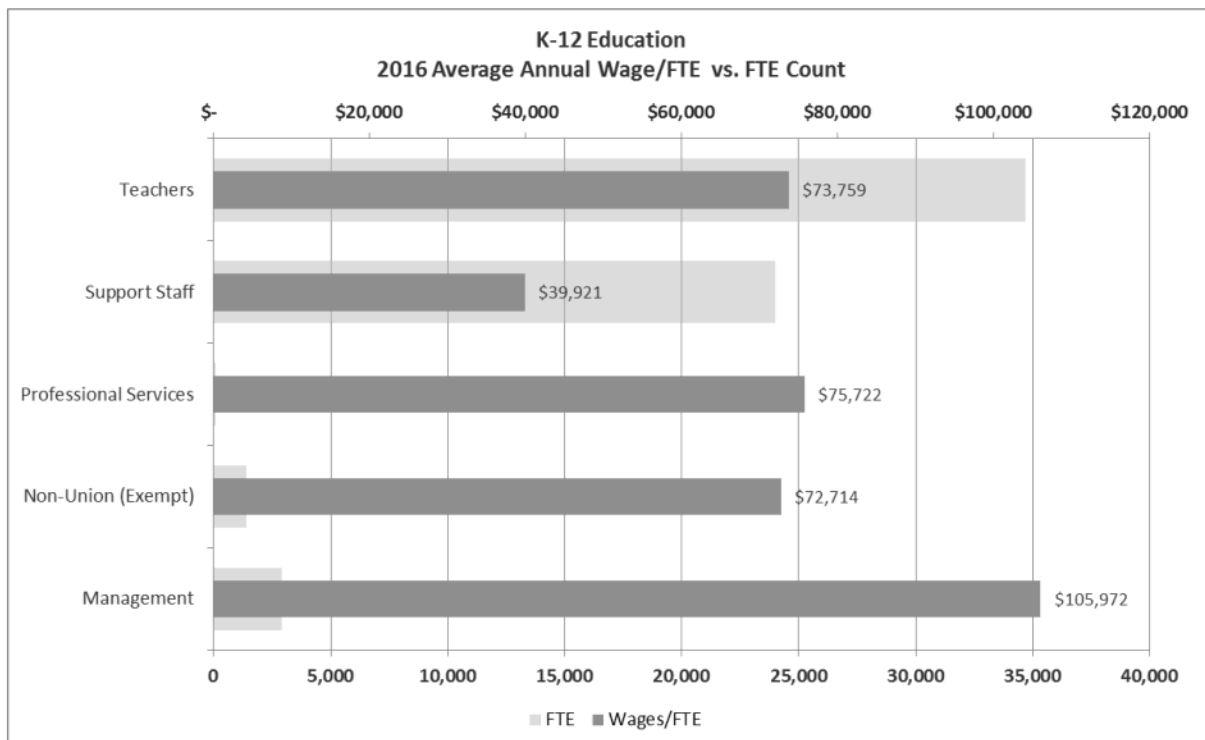
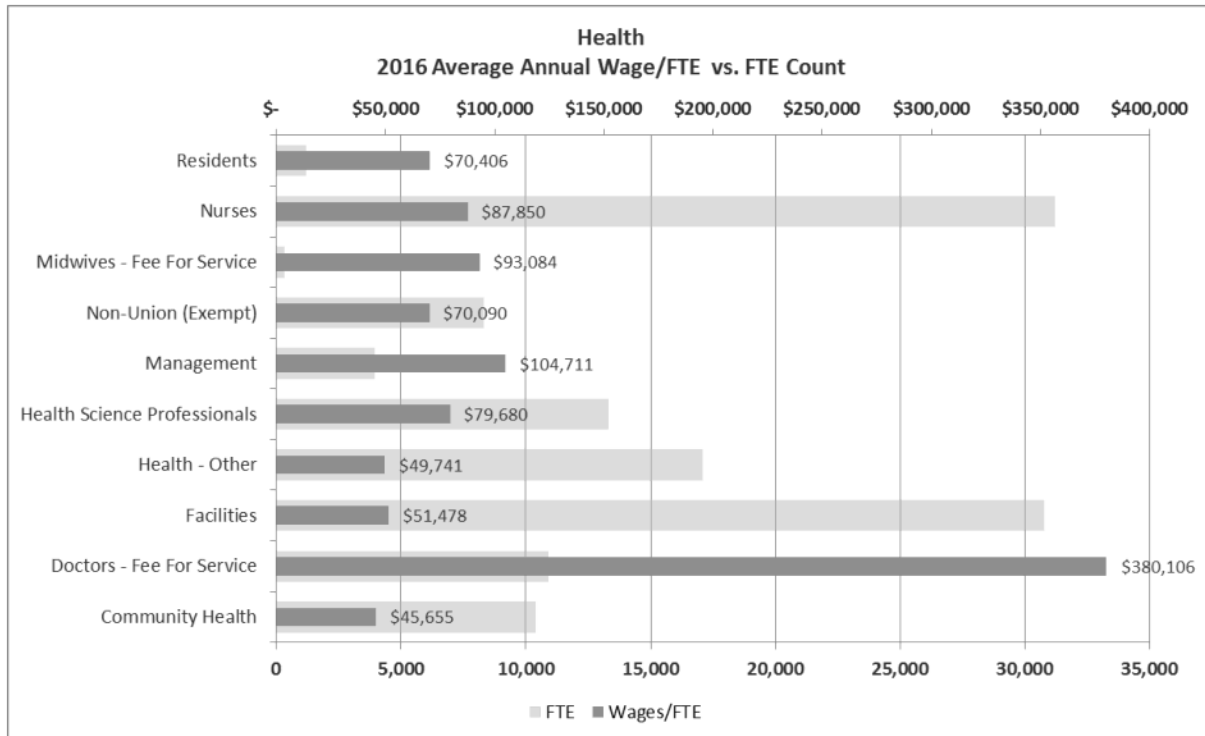
Appendix A - Other Labour Relations Charts

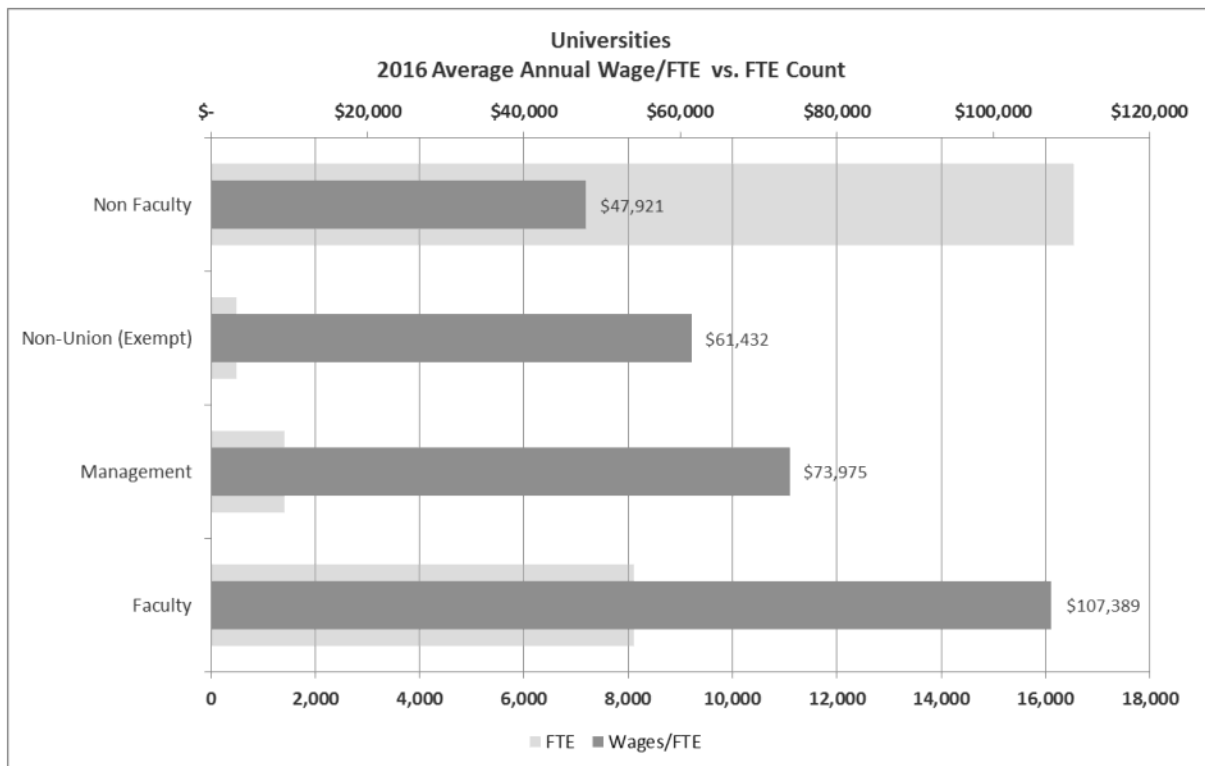
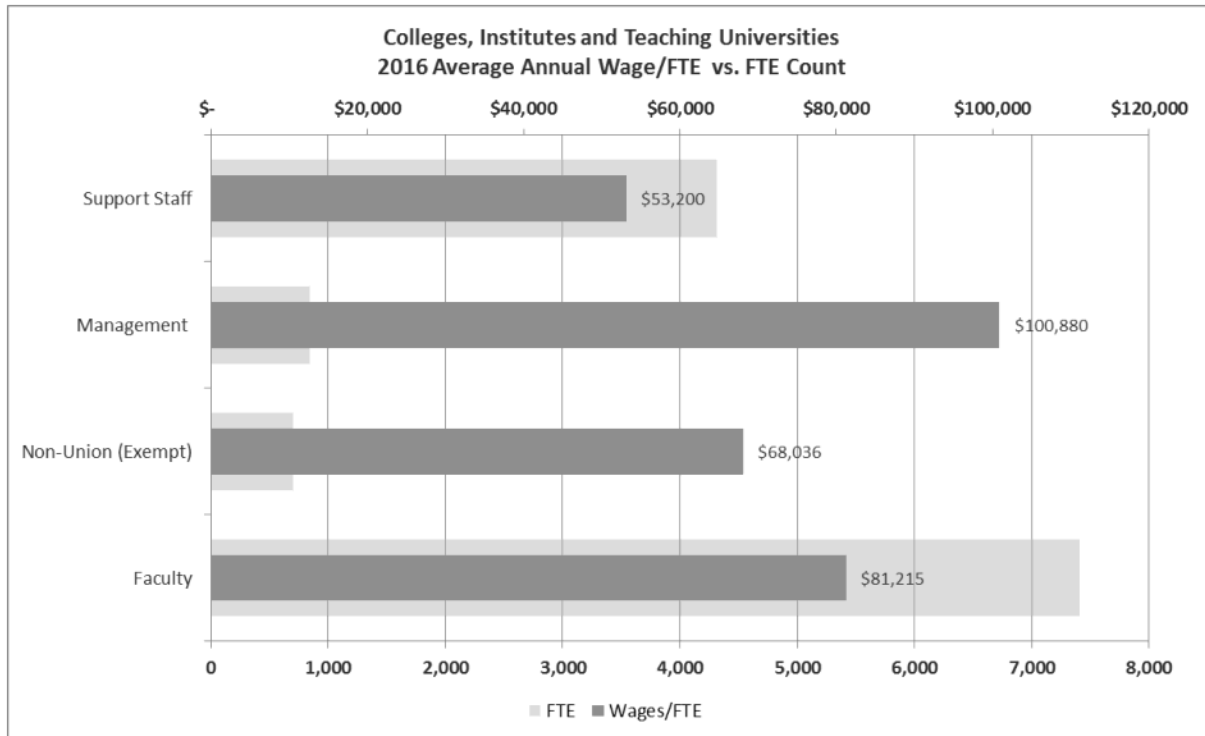
2016 Average Wage and Relative size (FTE) of Bargaining Units

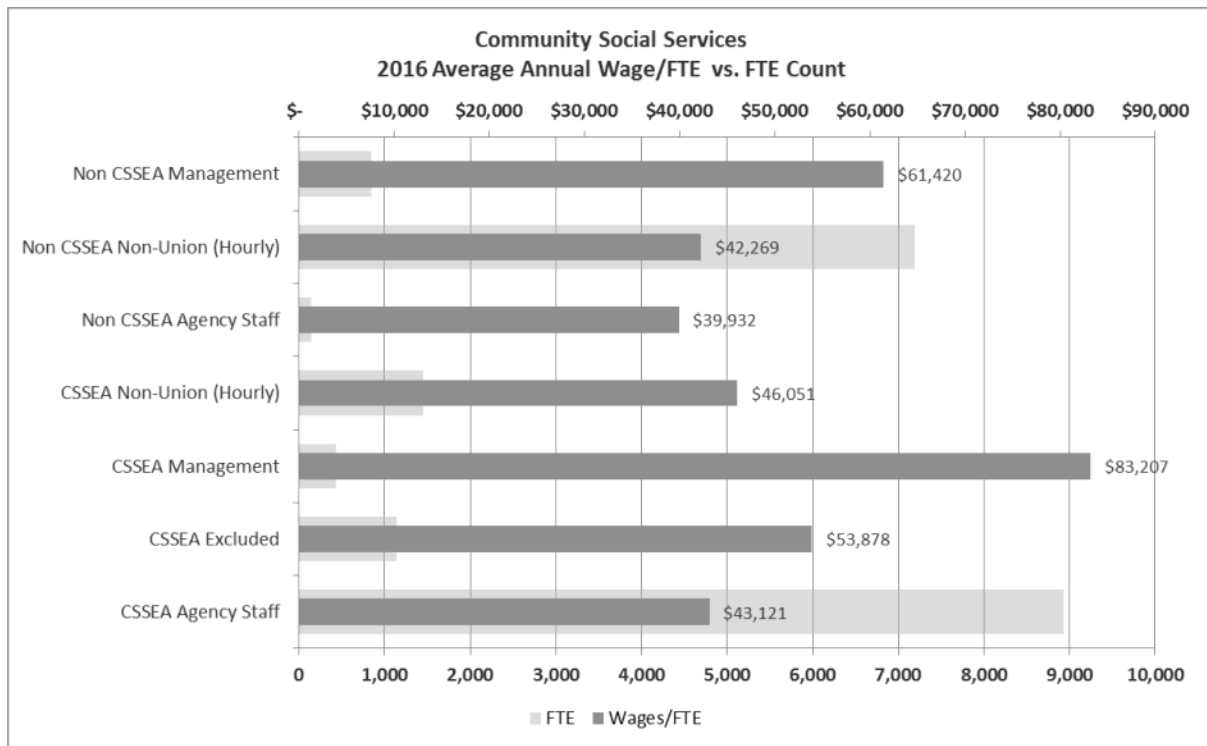
The following charts display the 2016 compensation base survey average annual wage per full-time equivalent (FTE) which is a proxy for a full-time position and compares it to the number of FTE's in the group.

Using the public service as an example, this information is worth knowing as some groups, such as Judges, have a high per FTE wage, but are relatively small in number when compared to the rest of the public service. Conversely, the BCGEU Master Agreement on average has the second lowest per FTE wage, but is the largest group in the public service, which means any increase to wages for this group is more costly to government in absolute terms.





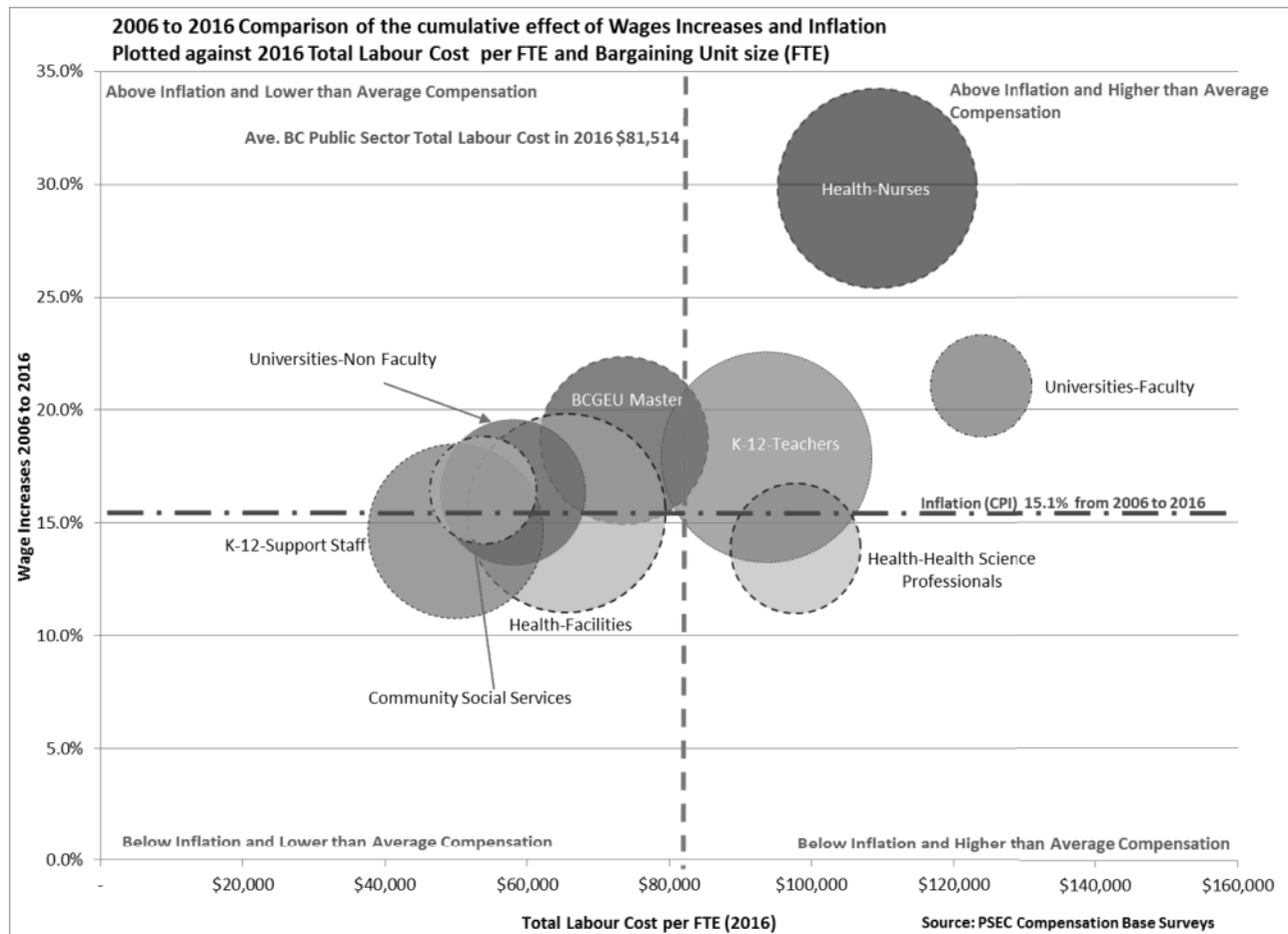




Average 2016 Wage and Comparison to Inflation

In the chart below, the area of the circle indicates the number of Full Time Equivalents (FTE) in 2016, for the particular bargaining unit. The x-axis shows the average total compensation cost per FTE in 2016, and the y-axis shows the cumulative effect of wage increases from 2006 to 2016.

The red horizontal line is inflation over the same period of time and the green vertical line is the average total compensation.



Bargaining groups toward the centre where the inflation line (horizontal red) and average public sector total compensation line (vertical green) intersect are the middle of the pack in two senses: average wage and wage increases relative to inflation. Those groups in the upper right quadrant have wages above average for the public sector and had wage increases above inflation. Groups in the lower left quadrant have both lower than average wages and have lost ground to inflation (the vertical axis).

Appendix B – Unionized Groups – Collective Agreement Expiry Dates

Expiry	# of Collective Agreements	Headcount	Total Compensation
March 31, 2014	3	193	\$18.80 M
Crown Corporations	1	13	\$4.42 M
Public Service	1	116	\$8.71 M
Universities	1	64	\$5.67 M
June 30, 2016	1	3,946	\$498.52 M
Universities	1	3,946	\$498.52 M
March 31, 2017	2	162	\$39.98 M
Public Service	2	162	\$39.98 M
December 31, 2018	1	706	\$45.69 M
Crown Corporations	1	706	\$45.69 M
March 31, 2019	62	198,557	\$15,370.60 M
Colleges and Institutes	26	11,615	\$640.93 M
Community Social Services	3	12,603	\$483.02 M
Crown Corporations	9	8,475	\$790.29 M
Health	10	131,116	\$11,305.18 M
Public Service	3	25,604	\$1,766.70 M
Universities	11	9,144	\$384.48 M
April 30, 2019	3	2,657	\$42.22 M
Universities	3	2,657	\$42.22 M
May 31, 2019	2	574	\$18.39 M
Colleges and Institutes	1	506	\$15.31 M
Universities	1	68	\$3.08 M
June 30, 2019	97	97,997	\$5,833.26 M
Colleges and Institutes	13	8,135	\$291.97 M
Crown Corporations	3	4,179	\$318.46 M
Education (K-12)	72	76,214	\$4,369.55 M
Public Service	1	20	\$1.32 M
Universities	8	9,449	\$851.96 M
August 31, 2019	3	3,450	\$36.21 M
Universities	3	3,450	\$36.21 M
September 30, 2019	2	664	\$22.67 M
Colleges and Institutes	1	656	\$21.69 M
Crown Corporations	1	8	\$0.97 M
December 31, 2019	2	402	\$9.43 M
Colleges and Institutes	1	281	\$8.36 M
Universities	1	121	\$1.07 M
March 31, 2020	1	118	\$6.98 M
Crown Corporations	1	118	\$6.98 M
May 31, 2020	1	598	\$5.60 M
Crown Corporations	1	598	\$5.60 M
June 30, 2020	1	580	\$66.16 M
Crown Corporations	1	580	\$66.16 M
December 31, 2020	1	16	\$1.66 M
Crown Corporations	1	16	\$1.66 M
Grand Total	182	310,620	\$22,016.17 M

Appendix C – Mandates

Mandates	Fiscal Years (April 1 - March 31)												
	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
NF (Negotiating Framework)	Differentiated with minimum. 2% GWI + market adjustments	Differentiated with minimum. 2% GWI + market adjustments	Differentiated with minimum. 2% GWI + market adjustments	Differentiated with minimum. 2% GWI + market adjustments									
Mandate 2010 (Net Zero)					Net 0%	Net 0%							
Cooperative Gains Mandate (no set term for length of agreements)							Min 2 YR agreement, up to 2% GWI if no net operating cost increase to ER	Min 2 YR agreement, up to 2% GWI if no net operating cost increase to ER					
Economic Stability Mandate									0%	1.0% plus Economic Stability Dividend (ESD)	1.5% plus Economic Stability Dividend (ESD)	1.5% plus Economic Stability Dividend (ESD)	1.5% plus Economic Stability Dividend (ESD)

ISSUE NOTE

ISSUE:

- Credit rating agencies' assessment of the province.

BACKGROUND:

- Following the February 2017 Budget, the credit rating agencies assessed how the province has performed and published its credit opinion. In early March 2017, technical briefings were conducted by the Province with each of the credit rating agencies: Standard and Poor's (S&P), Moody's, Dominion Bond Rating Service (DBRS) and Fitch. The technical briefings are an opportunity for the rating agencies to ask a broad range of questions on the Fiscal Plan and any other areas of topical interest or focus.
- The agencies will refresh their assessment following the province's summer 2017 Budget.
- Moody's, S & P and Fitch have each affirmed the province's triple-A rating with a stable outlook. DBRS has also affirmed its rating on the province of AA (High) with a stable outlook.
- On February 22, 2017, Moody's issued a press release which was generally constructive although concerns were noted including: "Moody's points out that thin surpluses, low revenue growth and increased borrowing for capital spending will keep the province's debt burden elevated. Their press release went on to state "As part of its normal monitoring practice, Moody's will evaluate the 2017/18 budget's assumptions and its potential for upside and downside risks within the context of likely impacts on the province's debt burden."
- On March 31, DBRS issued a press release. The agency reported: "Strong fiscal performance and steady economic growth has helped to reduce the debt-to-GDP ratio...British Columbia is once again expected to be among the provincial economic growth leaders with real GDP projected to grow by 2.1% in both 2017 and 2018 – roughly in line with the current private-sector consensus tracked by DBRS."
- On March 31, S & P issued a press release. The rating agency reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance." S and P followed up with a more detailed report on April 6.
- On April 6, Fitch issued a press release, reporting that: "British Columbia's 'AAA' rating primarily reflects conservative financial management practices resulting in stable fiscal performance and a well-managed liability profile. Provincial economic performance has been generally positive since the recession, and is likely to exceed national performance in the near to medium term."

- In January and March ,2017 , Moody's published credit opinions on the province and BC Hydro, respectively, which noted concerns with developments at BC Hydro and how they could result in the company's self-supporting debt being consolidated with the province's taxpayer supported debt, , the result of which would be to very negatively impact the agency's assessment of taxpayer debt affordability. Specifically , the agency noted that taking " into consideration the extensive use of largely debt financed regulatory asset accounts, BC Hydro posts some metrics that are among the weakest of Canadian provincial utilities ", e.g. debt to capitalization and cashflow related metrics. Moody's went on: while it "does not alter our medium term view that debt of BC Hydro is self-supporting, we should note that should BC Hydro's financial position deteriorate, the possibility that it would require support from the province will increase". The agency concluded that it "will continue to monitor BC Hydro's financial strength over the coming years through the construction and initial operations of Site C."
- Moody's cautions are not cause for alarm but fair warning that the agency will be concerned by slippage on Site C and/or evidence that rates are not sufficient to cover costs . We will be ensuring the agency understands that under Hydro's 10-year rate plan the company is an improving credit with lower debt to capitalization (60:40 debt to equity target) and a return on equity which is more in line with other utilities.
- We understand that Moody's plans to publish a Canadian Crown utility report in the next few months. We expect that they will visit the province to collect information for the review s.13,s.17
s.13,s.17

Decision required:

- 60 day issue
s.13,s.17

Issue Note

ISSUE: Whether or not to implement a B.C. Green Bond Program

BACKGROUND:

Green bonds are debt securities the proceeds of which are used solely for projects that have environmental and climate benefits. Internationally, the total green bonds market is estimated at approximately \$100B in 2016 and is generating significant interest from large international investors and issuers. To date the largest issuers of green bonds have been multilateral lenders like the World Bank and the International Finance Corporation; this has expanded to include government entities. Most green bonds issued are in US Dollars or EURO. The green bond market in Canada is nascent with few green-mandated investors. Ontario has successfully issued three green bonds for rapid transit projects, most recently in January 2017, and Quebec issued its inaugural green bond in February 2017. The federal government has announced their intention to issue green bonds following France and People's Republic of China.

The Province's first participatory role in green bond issuance was a Project Bond issued in 2014. The Province structured the public-private partnership (P3) criteria for the North Island Hospitals Project (NIHP) to meet high environmental standards (LEED Gold), setting the stage for the project developer, Tandem Health Partners, to successfully issue the first green P3 bond in North America. The NIHP Green Bond won two domestic and international awards for innovative financing.

The Province has been exploring the feasibility of issuing green bonds in its own name, like Ontario, Quebec, the World Bank and others, to finance projects and entities that promote climate-friendly purposes. A BC Green Bond Program (BCGGP) fits the Province's reputation as a climate action leader and can positively support investor interest in the province's domestic borrowing program.

The Ministry of Finance (Provincial Treasury) and Ministry of Environment (Climate Action Secretariat) agreed to jointly develop and, on approval of the Ministers of Finance and Environment, manage a B.C. Green Bond Program (BCGBP). As part of the joint management plan, Provincial Treasury (PT) will issue the bonds, manage the proceeds, and be responsible for investor relations, while the Climate Action Secretariat (CAS) will manage the ongoing project review and reporting process.

The proposed BCGBP Framework is aligned with the Province's climate action goals and based on the internationally recognized Green Bond Principles issued by the International Capital Market Association (ICMA)¹ in 2016.

Because green bonds are self-labelled as green, best practice also recommends green bond programs seek an independent qualification, known as a "Second Opinion". The leading provider of Second Opinions is the Centre for International Climate and Environmental Research in Oslo

¹ The International Capital Market Association ("ICMA") is a trade association with a mandate to promote resilient and well-functioning international debt capital markets.

(CICERO).^{s.17}
s.17

Page 05 to/à Page 08

Withheld pursuant to/removed as

s.13

Provincial Treasury - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
Banking Cash Management Branch (BCM)	Canadian Imperial Bank of Commerce	Teri McIntyre Market Vice President, BC & Yukon s.22 Teri.mcintyre@cibc.com	<ul style="list-style-type: none"> • CIBC is the Province's primary bank • They are the primary cash warehouse for government working capital with balances regularly exceeding \$600M 	<ul style="list-style-type: none"> • Liquidity management • Revenue collection 	

Branch	Organization	Contact	Description	Key Issues	Address
BCM	TD Merchant Services	<p>Leslie MacDonald Vice President, Relationship Management s.22</p> <p>Leslie.MacDonald@td.com</p>	<ul style="list-style-type: none"> • TDMS processes 30MM debit and credit card revenue transactions p.a. • Revenue through this collection channel exceeds \$2.6B p.a. 	<ul style="list-style-type: none"> • Revenue collection 	
BCM	Central 1 Credit Union	<p>Peter Kellett Director, Strategic Relationships s.22</p> <p>pkellett@central1.com</p>	<ul style="list-style-type: none"> • Central 1 is the Province's disbursement bank • all outgoing payments flow through this financial institution. 	<ul style="list-style-type: none"> • Government payables • Payments to citizens • Payroll 	

Branch	Organization	Contact	Description	Key Issues	Address
BCM	BC Hydro	<p>Lisa Gifford Treasury s.22</p> <p>Lisa.Gifford@bchydro.com</p>	<ul style="list-style-type: none"> BC Hydro participates with the Province in relation to aggregating working capital This reduces the Province's borrowing needs, and maximizes the utility of surplus cash 	<ul style="list-style-type: none"> Liquidity management 	
BCM	Transportation Financing Authority	<p>Gary So Director of Finance 250-387-7873 Gary.so@gov.bc.ca</p>	<ul style="list-style-type: none"> Process Certificates of Approval related to capital expenditures 	<ul style="list-style-type: none"> Liquidity management 	
BCM	Liquor Distribution Branch	<p>Roger Bissoondatt, Chief Financial Officer 604-252-3151 Roger.bissoondatt@bcldb.com</p>	<ul style="list-style-type: none"> LDB processes \$5.7 Billion in cash flow per annum through BCM's banking infrastructure 	<ul style="list-style-type: none"> Government revenue 	

Branch	Organization	Contact	Description	Key Issues	Address
BCM	BC Investment Management Corporation	Robert Field Director, Client Services s.22 Robert.field@bcimc.com	<ul style="list-style-type: none"> • bcIMC manages government non-bank investments, with a current aggregate value of \$500M 	<ul style="list-style-type: none"> • working capital management • liquidity • special fund management 	
BCM	CDP Participants	n/a	<ul style="list-style-type: none"> • 70 + participating SUCH Sector organizations deposit their investment cash in this program • With an aggregate balance in excess of \$2B this program is a key feature of our working capital management 	<ul style="list-style-type: none"> • Liquidity management 	n/a

Branch	Organization	Contact	Description	Key Issues	Address
Debt Management Branch (DMB)	BC investment Management Corporation	Harlan Enns, Director, s.22	<ul style="list-style-type: none"> Investment management services to BC's public sector 	<ul style="list-style-type: none"> Manages sinking funds and investment portfolios 	2950 Jutland Road
DMB	British Columbia Hydro and Power Authority	Kevin Gibbison, Controller, s.22	<ul style="list-style-type: none"> Generate and purchase reliable electricity for BC 	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	333 Dunsmuir St. Vancouver
DMB	British Columbia Transportation Financing Authority	Gary So, Finance Director, 250 387-7873. Gary.so@gov.bc.ca	<ul style="list-style-type: none"> Acquires constructs and improves transportation infrastructure throughout BC 	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	PO BOX 9409 Stn Prov Govt, Victoria BC
DMB	Transportation Investment Corporation	Mario Piscitelli, Executive Director s.22	<ul style="list-style-type: none"> Builds innovative transportation and funding solutions 	<ul style="list-style-type: none"> Borrowing and Debt portfolio management 	1500 Woolridge St. Coquitlam

Branch	Organization	Contact	Description	Key Issues	Address
DMB	Dominion Bond Rating Service	Travis Shaw, Vice President, 416 597-7582, tshaw@dbrs.com	<ul style="list-style-type: none"> • Credit rating services 	<ul style="list-style-type: none"> • Provides credit rating for BC 	181 Universtiy Avenue, Toronto
DMB	Moody's Investors Service	Michael Yake, Acting Vice President, 416 214-3865, Michael.yake@moodys.com	<ul style="list-style-type: none"> • Credit rating services 	<ul style="list-style-type: none"> • Provides credit rating for BC 	1 International Pl. 100 Oliver Street, Boston, MA 02110
DMB	Standard & Poor's Corporation	Bhavini Patel, Associate Director, 416 507-2558, bhavini.patel@spglobal.com	<ul style="list-style-type: none"> • Credit rating services 	<ul style="list-style-type: none"> • Provides credit rating for BC 	55 Water St. NY, New York 10041
DMB	Fitch Ratings Ltd.	Eric Kim, Director, 212 908-0241, eric.kim@fitchratings.com	<ul style="list-style-type: none"> • Credit rating services 	<ul style="list-style-type: none"> • Provides credit rating for BC 	33 Whitehall ST. NY, New York 10004

Branch	Organization	Contact	Description	Key Issues	Address
DMB	Ministry of Justice	Homi Bindra, Michael Shepherd and Chris Ferguson-Martin. Legal Counsel 250 356-8468 homi.bindra@gov.bc.ca	<ul style="list-style-type: none"> Provides legal advice to Government 	<ul style="list-style-type: none"> Advice on Legal issues 	PO Box 9044 STN Prov Govt Victoria
DMB	BMO Nesbitt Burns Inc.	Grant Williams – MD, s.22 Grant Williams@BMO.com	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	1 First Canadian Pl. 3 rd floor Podium, Toronto
DMB	CIBC World Markets	Doug Bartlett, MD, s.22 doug.bartlett@cibc.ca	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	161 Bay Street, 5 th floor Toronto
DMB	National Bank Financial	Sunil Bhutani, MD, 416 869-8636, sunil.bhutani@hbc.ca	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	130 King Street West, Toronto

Branch	Organization	Contact	Description	Key Issues	Address
DMB	RBC Capital Markets	Alex Caridia, Managing Director, ^{s.22} alex.caridia@rbccm.com	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	130 King Street West, Toronto
DMB	Scotia Capital Markets	Kevin Martin, Director ^{s.22} kevin.martin@scotiabank.com	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	130 King Street West, Toronto
DMB	TD Securities Inc.	Trevor Thom, Director ^{s.22} trevor.thom@tdsecurities.com	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues 	222 Bay St. 7 th fl. Tower, Toronto
DMB	HSBC Securities	Sean Rosas, Director, ^{s.22} Sean.s.rosas.HSBC.ca	<ul style="list-style-type: none"> Co-Managers in BC's domestic and international syndicates 	<ul style="list-style-type: none"> Facilitate debt issues, largely in international Capital Markets 	70 York Street, 8 th Floor, Toronto

Branch	Organization	Contact	Description	Key Issues	Address
Risk Management Branch (RMB)	All BC Government Ministries	N/A	<ul style="list-style-type: none"> • Purchase insurance through the Risk Management Branch • Seek indemnity approval 	<ul style="list-style-type: none"> • Risk Management advice, property and liability insurance, indemnity language 	
RMB	All BC Health Authorities	N/A	<ul style="list-style-type: none"> • Purchase insurance through the Risk Management Branch • Seek indemnity approval 	<ul style="list-style-type: none"> • Risk Management advice, property and liability insurance, indemnity language 	
RMB	All BC School Districts	N/A	Purchase insurance through the Risk Management Branch	<ul style="list-style-type: none"> • Risk Management advice, property and liability insurance 	

Branch	Organization	Contact	Description	Key Issues	Address
RMB	All Crown Corporations	N/A	<ul style="list-style-type: none"> Seek indemnity approval 	<ul style="list-style-type: none"> Risk Management advice, property and liability insurance, indemnity language 	

ISSUE NOTE

Issue:

- Review of K-12 Employment Practices Liability Program and possible recommendation for changing service delivery

Background:

- The Employment Practices Liability Program was created as a shared service initiative in the K-12 sector and to enhance the management of employment liabilities. Employment liabilities are costs that arise in the course of the management of employees arising from grievances, wrongful acts (excluded employees) and human rights breaches. The Ministry of Education approached the Risk Management Branch on the basis that the Schools Protection Program (the model used for other liabilities of school districts) may be effective in streamlining and introducing efficiencies to the current employment practices model, and most importantly, providing a platform to enable centralized and better strategic management of employment practices liabilities. The benefits would be lower legal defense costs for school districts and significant cost avoidance by managing the files on a province-wide basis and more strategically e.g. managing relationship with the unions, taking province-wide positions and protecting small school districts.
- The Schools Protection Program is a self-insurance scheme that provides coverage for K-12 claims (events as defined) and is funded from an actuarially analyzed risk pool that spreads costs across participants and amortizes the costs over multiple years. The new model proposed that an arm of the Schools Protection Program be created for Employment Practices and that the program be delivered by the BC Public School Employers Association (BCPSEA) as the provincial bargaining agent. The front face of the program would be BCPSEA.
- Generally the program has been successful in that it has achieved the cost savings and strategic cost avoidance benefits that were foreseen.
- BCPSEA and RMB are in dispute as to the back office requirements which relate to the program implementation. Relying upon the statutory authorities of RMB to create the program, there are requirements related to the management of the Insurance and Risk Management Account which is the account within the Consolidated Revenue Fund from which payments are paid. These requirements impose compliance with the general and financial policies of government as well as records management requirements, s.13
- Additionally there is a degree of rigor required in the management of files, setting of reserves and recording of significant decisions that is necessary in order for the portfolio to be actuarially analyzed. The actuarial analysis delivers a prediction of future costs based on past experience and satisfies a program goal which is certainty and smoothing of premiums to the school districts in much the same manner as provided by the Schools Protection Program. s.17

s.17

s.13

Decision required:

- 90 Day Issue

s.13

ISSUE NOTE

Issue:

- Review of the Insurance and Risk Management Account (IRMA)
- IRMA was projected to exceed its approved 2016/17 spending limit by \$22.3 million. This pertained to actuarial adjustments to liabilities of prior years due to unique adverse developments in those years, primarily related to health care claims.

s.12

Background:

The Insurance and Risk Management Account (IRMA) is a Special Account under the *Financial Administration Act* (FAA) and is administered by the Risk Management Branch (RMB) in the Ministry of Finance.

IRMA was designed as a self-insurance scheme for central government and certain broader participating public sector agencies (e.g. schools, colleges, universities, social service agencies, and the health sector). Compared to the cost of private commercial insurance coverage, IRMA has saved the Province over \$1.7 billion cumulatively since 1986, as the added cost of commercial insurance brokerage commissions is avoided.

The self-insurance model helps to centralize the exposure and the volatility faced by government and provides cost certainty to IRMA's clients based on a cost-recovery model: actuarial-based future claims' losses estimated in the current year are expensed and recovered from clients through premiums. Some claims, especially in the health care sector, may take ten or more years to resolve and the reserve established in the accident year must be re-evaluated annually as assumptions and actual circumstances change. Any required increases to the reserve for prior year claims must be expensed in the year the change is recognized, in accordance with generally accepted accounting principles. However, IRMA is unable to recover any adjustments as premiums were already collected from clients in the year the claim reserve was initially estimated.

Consequently, the timing difference between the initial recovery and subsequent claims adjustments can result in IRMA's spending limit being exceeded in a given year – this increase to prior years' liability has happened only twice in the last 10 years including 2016/17. Since IRMA's inception, it has received more premiums from clients than claims losses paid and reserved, resulting in an account balance appropriation surplus of \$364 million held in the Consolidated Revenue Fund. This benefit has arguably helped government to manage its debt burden. Unfortunately, the accumulated surplus from prior years cannot be used to offset a budget pressure in the current year because premium revenues paid in past years are not carried forward. IRMA's annual funding limit is established by Treasury Board as shown in the Estimates and Treasury Board approval must be sought to further increase the annual appropriation.

Decision required:

- 90 day issue

s.13

EXECUTIVE MEMBER BIOGRAPHY

Jim Hopkins, Assistant Deputy Minister, Provincial Treasury



Jim Hopkins graduated from the University of Victoria with an undergraduate degree in Political Science and History in 1976 and did post-graduate work in public administration.

In 1979, Jim joined the Ministry of Finance. He has held positions as research analyst in economic policy and planning, executive assistant to the deputy minister, and director of policy in the government's purchasing commission.

In 1987, Jim joined the Debt Management Branch, Provincial Treasury. In February 2002 he was appointed Executive Director of the Debt Management Branch.

In April 2004, Jim was appointed Assistant Deputy Minister of Provincial Treasury, responsible for debt management, banking and cash management, and risk management and insurance.

Provincial Treasury

ADM Responsible: Jim Hopkins

Core Business/ Program Area Description/Critical Business Processes:

Provincial Treasury (PT) is comprised of three branches which have specialized and unique mandates in the public service. Treasury and risk management services are extended to all ministries, Crown corporations and public sector agencies.

Banking and Cash Management Branch: Manages the province's \$100 billion dollar operational cash flow and would rank as one of the larger financial institutions in Western Canada. Negotiates agreements for banking services. Provides management services to support revenue collection, and government payments including debt servicing, and develops electronic banking and payment services. Manages the Central Deposit Program for SUCH sector entities and Crown corporations to invest surplus cash and permit government to use the balances to reduce taxpayer supported debt (balance at March 29,2017: \$2.6 billion)

Debt Management Branch: Provides a centralized debt management service to the government and its Crown corporations and agencies with advice on portfolio management from the Risk Committee which includes external experts. In addition to borrowing funds to meet client requirements, the branch manages all principal and interest payments and enters into derivative transactions to manage interest rate and foreign exchange risks. The branch is also the lead entity for managing the province's relationship with the credit rating agencies and its fixed income investor relations program. Province's net debt is estimated to total about \$ 66.7 billion as at March 31, 2017, and Branch is forecast to borrow \$5.4 billion from the domestic and international capital markets in 2017/18.

Corporate and Project Finance Branch: Provides financial advisory services to ministries, and Crown and public sector agencies to support procurement of capital assets, public-private partnerships and divestiture initiatives. Arranges project financing for clients which are typically limited recourse to the project or the borrowing entity. Also leading government's assessment of provincial issuance of Green Bonds.

Risk Management Branch and Government Security Office (RMB): Provides a collection of risk management programs for the provincial public sector to manage the risk to which it is exposed by virtue of its policies, assets, programs and operations. These programs include serving as risk management advisor and consultant which entails exercising the statutory authority to approve indemnities, risk management program development and delivery (e.g. outdoor school trips), delivery of risk financing programs including traditional insurance and self-insurance, and claims and litigation management.

With support from the Premier's Office, position of Chief Security Officer was established in RMB in January 2011. The Officer provides overall coordination of government security policy among responsible agencies including security strategies, information sharing, security awareness, asset protection and technical assistance with investigations.

Budget:

Provincial Treasury operates under a \$1,000 Vote.

Three Year Budget		
2017/18	2018/19	2019/20
\$ 1,000	\$ 1,000	\$ 1,000

Insurance and Risk Management operates under a statutory Special Account.

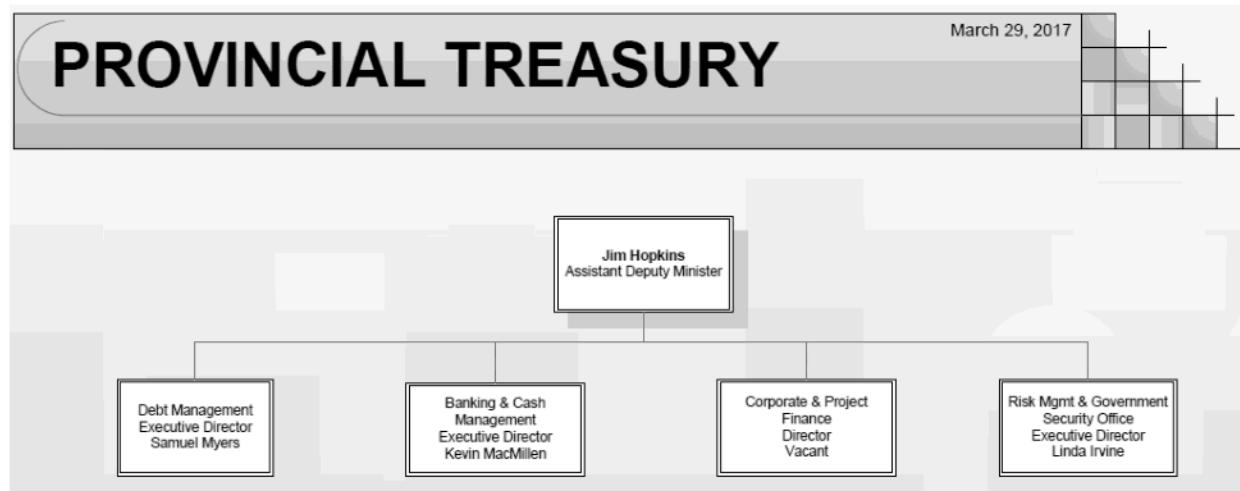
Three Year Budget		
2017/18	2018/19	2019/20
\$ 4,191M	\$ 4,191M	\$ 4,191M

Full Time Equivalents (FTEs):

107 FTEs

Related Legislation:

Financial Administration Act

Organizational Chart:

DEBT MANAGEMENT

Provincial Borrowing Requirements and Gross Change in Debt

	Updated Forecast 2016/17	Budget Estimate 2017/18
	\$millions	
Operating deficit/(surplus) ¹	(1,458)	(295)
Capital requirements	6,978	8,083
Refinancing Requirements	2,367	2,756
Other Financing sources ²	(4,369)	(5,176)
Gross Borrowing Requirements	3,518	5,368
Add: guarantees, non-guaranteed, SUCH debt	223	509
Gross increase in debt	3,741	5,877

1) Includes the forecast allowance change from the previous year

2) Includes other financing sources for the province, the SUCH sector and Crown corporations and adjustments for non-budgetary items

The 2017/18 borrowing requirement as tabled in the February 2017 Budget is mainly driven by capital requirements and refinancings. The province will have gross requirements from the capital markets of \$5.4 billion which does not include guaranteed, non-guaranteed debt or P3 debt incurred by private sector consortia. The market requirement is manageable for the province given its exceptional access to the domestic and international capital markets. It will be challenged by having delayed long term borrowing in Q1 /Q2 due to the public market blackout related to the election, but all very manageable. (see 2017/18 Borrowing Strategy section, below).

2017/18 Borrowing Strategy

Maintain duration at about 7.0 years
Opportunistically diversify capital market sources
Maintain liquid benchmarks
Give due regard to market volatility and liquidity risks
Monitor opportunities for returning to the onshore Renminbi (Panda) and offshore Rupee (Masala) bond markets ;consider launch of a provincial Green Bond program with approval of Minister of Finance and Minister of Environment

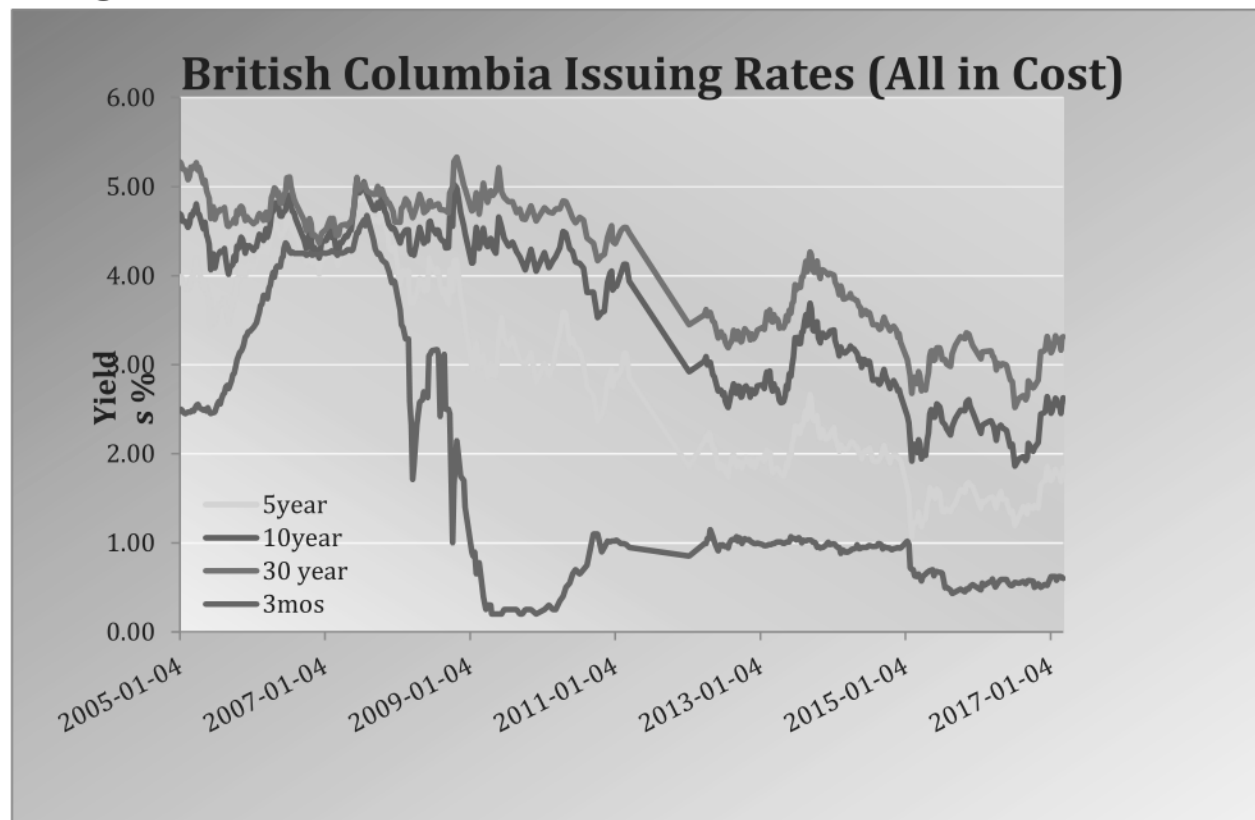
The province's borrowing requirement from the capital markets is estimated at \$5.4 billion in 2017/18. The planned borrowing strategy will be similar to previous years:

- Mix maturities to minimize refinancing risks;
- Price, size and time public debt issues with due regard to spread performance;
- Build benchmark issues which offer liquidity to investors; and
- Diversify borrowing sources outside of Canada to the extent economics are favourable compared to our domestic cost of funds

Today's low interest rates combined with an expectation that interest rates are biased to rise (albeit modestly) will mean that the province will favour fixed rate financing and keeping the duration at about 7 plus years and at the high end of the permitted policy range for the debt portfolio.

During Q1 /Q2 and around the election, the province will not issue in the public markets in Canada or abroad. Managing during this blackout period poses challenges and the province has taken several measures to deal with them. Leading into this blackout period, the province helped Hydro and Transportation Financing Authority prefund \$300 million and \$350 million, respectively, before fiscal year-end. The province plans to hold its short term debt balance at March 31, 2017 at a relatively low level in order to leave room to actively use short term debt as the primary source of financing during the blackout period. Estimated cash balances from rural property taxes in July 2017 will reach \$2.8 billion and allow for timely pay down of short term borrowings in Q2. The direct debt portfolio will finish the fiscal year with a cash balance of about \$1.3 billion and proceeds from liquidation of the Long Term Disability Fund of about \$630 million will be available on April 1, 2017, all of which will be available to meet Q1 requirements for the Consolidated Revenue Fund and SUCH sector capital needs, and for offlending to other Crown agencies, as needed. The province should therefore be sufficiently liquid during the Q1 and Q2 blackout periods.

Issuing Costs

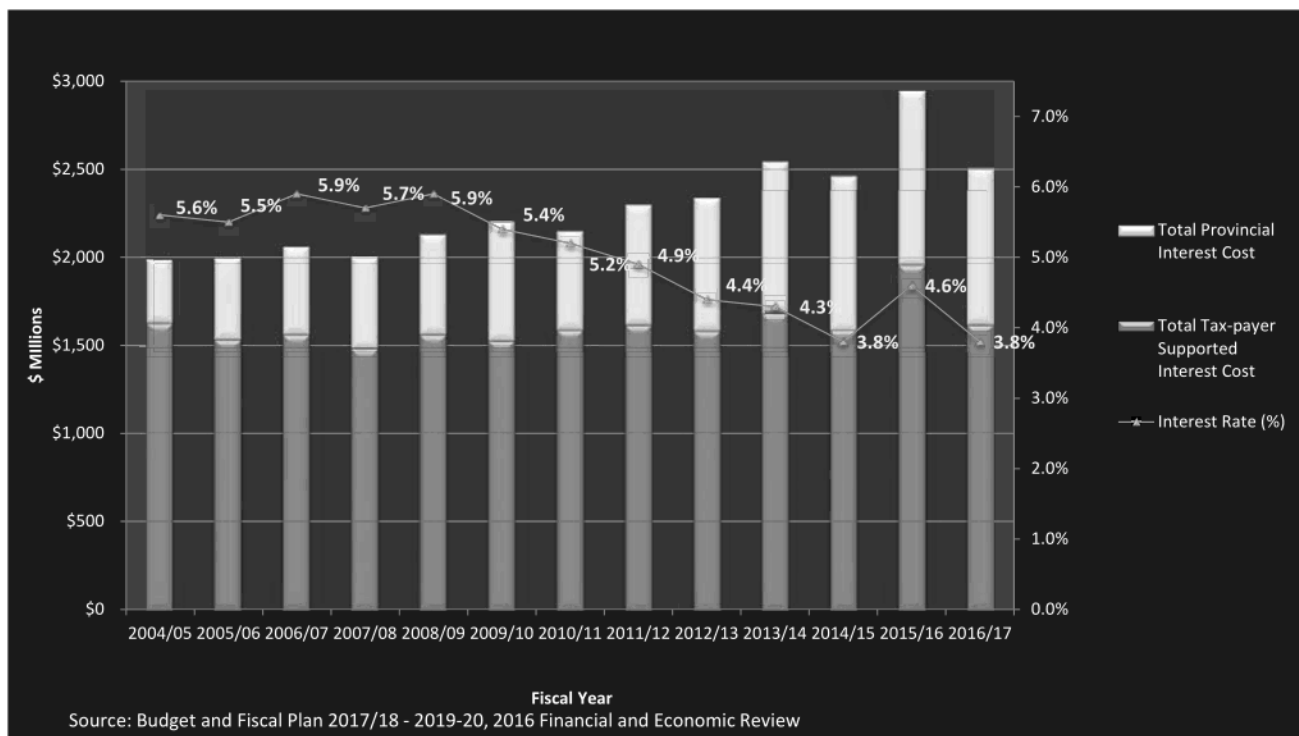


The province's all in cost to borrow from the capital markets in terms ranging from 3 months to 30 years is very competitive on a historical basis. In spite of a pickup in growth in the U.S. economy and a series of expected rate hikes by the U.S. Federal Reserve in 2017, borrowing costs continue to remain at historically low levels. The benefit is low cost debt for debtors and particularly high investment grade issuers like British Columbia. The U.S. Federal Reserve has already raised rates once this year and another 2-3 increases are expected as U.S. GDP is forecasted to be in the range of 2.3 percent in 2017, warranting such moves. Recently we have also begun to see signs that growth is picking up in Canada as well, and the expectation is for interest rates to move modestly higher in Canada in 2017.

Debt Service Costs

Taxpayer supported debt is estimated to increase from 2004/05 to 2016/17 by \$8.9 billion (27% increase) while annual taxpayer supported interest costs have decreased by \$9 million (1% decrease) to an estimated \$1.6 billion. This is explained by declining interest rates over the period (the interest rate on taxpayer supported debt fell from 5.6% to 3.8%), and the province sourcing new borrowings in this lower interest rate environment and refinancing maturing, high cost debt with lower cost debt.

The province has not actively retired high interest rate debt in its portfolio. The province would have to pay a significant premium to buy back and cancel any of its outstanding high coupon bonds to compensate the investor in this low interest rate environment. It would not be economical to do so. In addition, further pressure would be put on the borrowing requirements of the province to refinance this debt in addition to meeting the new borrowing requirements (forecast to be \$5.4 billion in fiscal 2017/18).



Sensitivity of 2017/18 Debt Service Costs to Change in Interest Rates

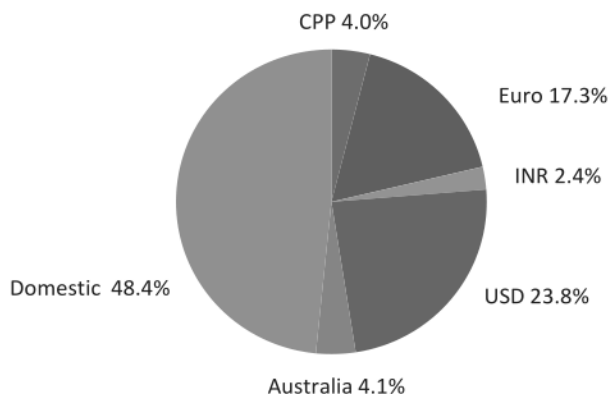
Description	Net Debt Service Costs ¹	Gross Financing Requirements	Impact of a 1% Change in Interest Rates ²
Government Operating	229	(764)	30.1
Government Capital	951	2,748	26.9
Total – government	1,180	1,984	57.0
Other taxpayer-supported Crown corporations	330	1,741	32.2
Total – taxpayer-supported	1,510	3,725	89.2
Self-supported Crown corporations	960	1,906	44.6
Warehouse borrowing program	14	0	5.2
Increase in forecast allowance		0	
Total – on Provincial Debt	2,484	5,631	139

¹Includes interest expenses relating to debt incurred through the Fiscal Agency Loan Program.

²Includes forecasted remaining borrowing for 2016/17 and new borrowing, refinancing, floating long and short-term debt, & swap rate resets in 2017/18.

The sensitivity of debt service costs to 1% change in interest rates is expected to impact debt servicing costs by \$89.2 million for taxpayer-supported debt. Including the self-supported crown corporations and the Warehouse borrowing program, the impact on total provincial debt is \$139 million.

2016/17 Borrowing Activity



Last fiscal year the province transacted long-term borrowing of \$4.1 billion from the capital markets including:

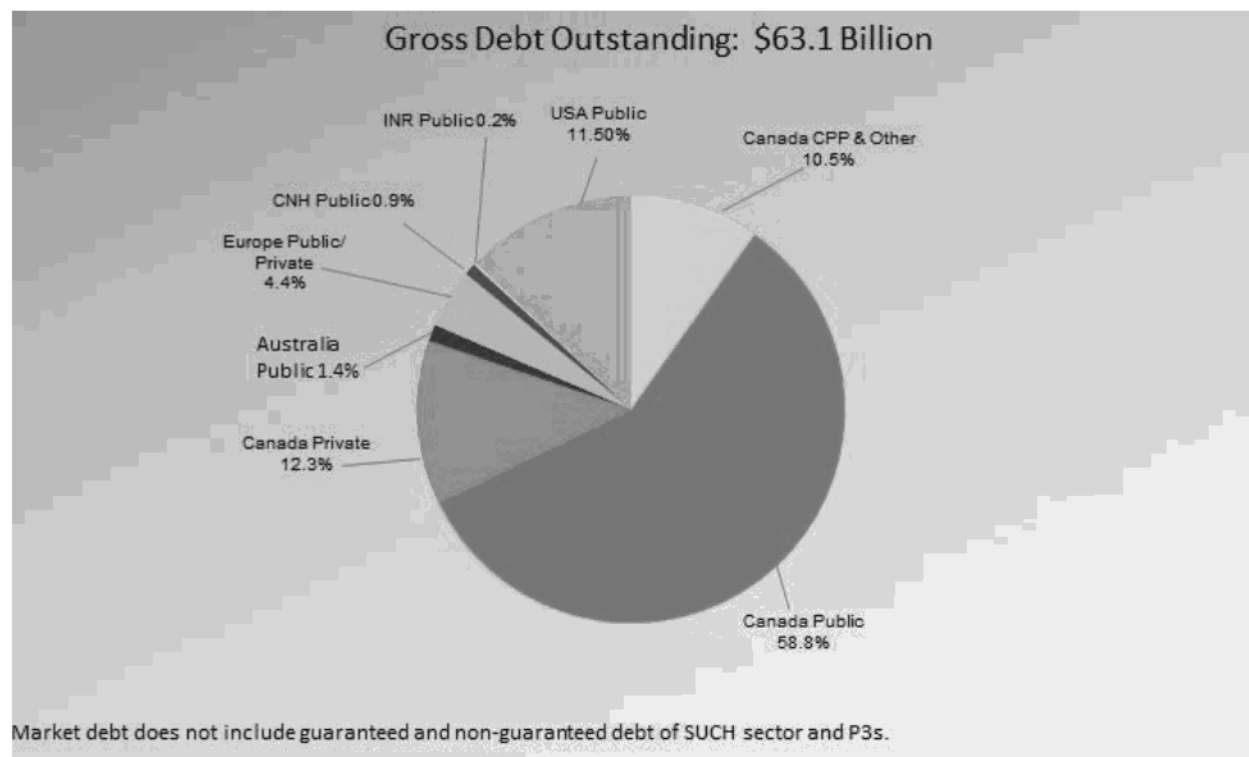
- 4 public issues (C\$2.0 billion) from the domestic market;
- 2 Australian issues (A\$170 million; C\$ equivalent of \$169 million);
- 1 US\$ Global issue (US\$750 million; C\$ equivalent of \$982 million);
- 3 Euro Private issues (€500 million; C\$ equivalent of \$716 million); and
- 1 INR matchbook trade (INR 5Billion; C\$ equivalent of \$98 million)

The weighted average term of long term borrowing in 2016/17 was 15.65 years.

It is notable that 52 per cent of borrowings were sourced from the international bond markets. As a very highly rated credit, investors from around the world including central banks place significant value on BC bonds and are prepared to accord more relative value than domestic investors. As a result, offshore financings were very cost effective for the province and this helped support optimal domestic pricing to the extent it lowered the supply of BC bonds. BC's international successes were also helped by an active investor relations program which over the past five years included investor tours to North America, Europe and Asia. The Minister of Finance and/or Ministry officials had met with the majority of investors who participated in BC's bond issues last year.

Gross Market Debt Outstanding By Source

As estimated March 31, 2017



The province issues debt in both the domestic and offshore markets via public offerings or private placements. The province has actively diversified its funding sources into offshore capital markets to assure ample liquidity for the province, realize interest cost savings compared to the province's domestic cost of borrowing, and to ration the supply of BC bonds to the domestic market and extract the most competitive pricing from Canadian institutional investors.

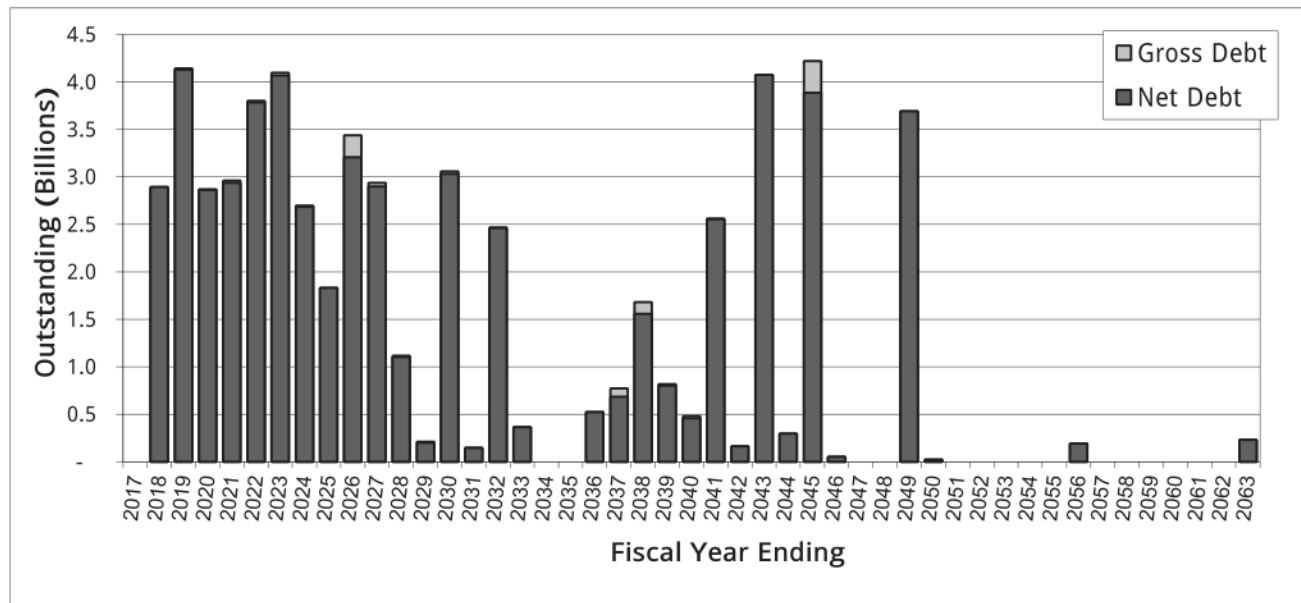
The province has been active in the international capital markets since the early 1980's. Currently, about 18.4% of the province's outstanding market debt has been sourced from US or offshore markets. Over the last ten years, the province has borrowed approximately \$11.6 billion in capital markets outside of Canada and benefits from the competitive bid from offshore investors, particularly those who place high value on the province's excellent credit rating. Borrowings in foreign currencies are usually swapped to Canadian dollar liabilities as opportunities arise to beat the province's domestic cost of funds.

The province manages its liabilities conservatively by:

- Managing its debt maturity schedule to minimize refinancing risk.
- Currently managing the duration of its debt portfolio to 7+ years; and
- Capping the unhedged foreign currency exposure of its net direct debt to no more than 10% (as of March 31, 2017 the exposure was zero).

Gross/Net Debt Maturities

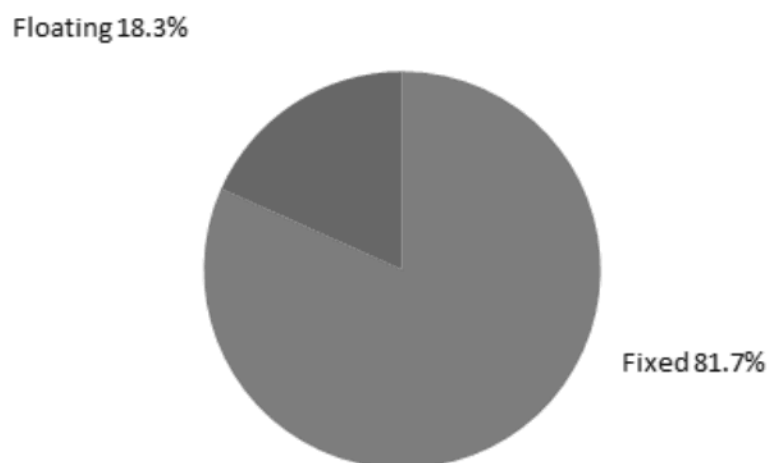
As at March 31, 2017



The province mixes debt maturities along the maturity curve out to 50 years in order to minimize refinancing and liquidity risks. The overall strategy is to manage the maturity schedule so that net maturities (after deducting any sinking funds) in any year do not exceed \$5 billion and preferably less. A working objective each year is to keep maturity room in the benchmark 5, 10 and 30 year terms because these terms are most highly sought by investors wanting to buy large public bond issues with liquidity.

Floating Rate Exposure

Provincial Government Direct Debt¹ as at March 31, 2017



1. Provincial Government Direct Debt includes debt for operating and capital purposes.

2. Floating debt includes all debt maturing within the next 12 months, short term debt outstanding and fixed rate issues that have been converted into floating rate instruments for the provincial direct debt.

- The province's risk parameters authorize the range of floating rate exposure for the direct debt portfolio as between 15% and 45%. Floating rate exposure can be volatile from month to month due to lumpy cash inflows /outflows requiring an increase in short term debt, and debt maturities changing on a rolling 12-month basis.
- As at March 31st 2017, the duration of the portfolio (which is a measure for the weighted average term) was about 8.6 years and reflects the portfolio strategy to extend term in today's low interest rate environment.

Liquidity Strategy

It is important for the province to have sufficient access to liquidity to meet its ongoing requirements to fund operations and capital budgets in the event of a market disruption. The credit rating agencies also inquire of the province's strategy for maintaining liquidity. The major elements of the strategy are listed in the chart:

Managed Maturity Schedule
Multiple domestic and international borrowing programs
Authority for pre-funding (i.e. Warehouse account)
Cash/temporary investments (\$4.5 billion estimated at March 31, 2017)
Sinking fund assets (\$1.1 billion estimated at March 31, 2017)
Operating Line of Credit (\$400 million)
Special purpose investments (\$1 billion estimated at March 31, 2017)
Prosperity Fund \$500 million

- as indicated earlier, the maturity schedule is managed to spread net maturities over the maturity curve and minimize refinancing and liquidity risks;
- maintaining access to domestic and international capital markets provides important diversification and is supported by investor tours to keep the financial community apprised of the province's credit story;
- the province can use its "warehouse account" to fund in advance of requirements and has done so to manage concerns with the stability of the capital markets (i.e. over \$2 billion as at March 31, 2009 and during the financial market meltdown). As at March 31, 2017, the balance in the warehouse was zero;
- the province expects short term cash and temporary investments balances to total CAD\$4.5 billion at March 31st 2017 and CAD\$3.2 billion at March 31st 2018;
- the province has sinking fund balances of \$1.1 billion (including a matched book investment program) which could be accessed as a last resort. Since 2007/08, the province has liquidated most of its sinking funds including those in the province direct debt portfolio, BC Hydro's portfolio and in the BC Transportation Financing Authority portfolio;
- the province has special purpose accounts with total market value of approximately \$1 billion. Examples as at early March 2017 include the C\$344 million Housing Endowment Fund and the \$356 million Children's Education Fund; and
- the province has an uncommitted operating line of credit of \$400 million;
- Finally, the province has \$500 million invested in its Prosperity Fund of which 50% is available for debt repayments.

Other liquidity measures which are available over 60 days include:

- The province has the authority to raise revenue through direct taxation. Examples of the types of tax revenues can be found in the Budget and Fiscal Plan 2017/18. The province's own-source revenue is estimated at C\$42.5 billion in 2016/17 or about 84% of total revenue.

- As was done in previous years, the province can re-profile capital spending in line with what was more affordable
- The province owns approximately 94 percent of the province's land area (i.e. about 95 million hectares or 9.5 percent of Canada's total surface area) and sizeable tangible capital assets.

Derivatives

The province uses a variety of hedging techniques to manage its debt portfolio risks. These include instruments to lock-in interest rates at competitive rates, the use of swaps to convert foreign currency borrowing to Canadian dollar liabilities as well as convert floating rate debt to fixed rate debt or conversely fixed to floating.

Another risk mitigation technique is limiting derivative transactions to highly rated domestic and international banks only and enter into formal agreements with each of its counterparties.

Recent regulatory changes and market practices have resulted in issuers and counterparties using collateral to manage counterparty risk exposures. Once the value of a swap reaches a certain mark-to-market threshold, collateral is required to offset the risk exposure. ^{s.17}

s.17

As of March 31, 2017, the province has approximately \$16.2 billion of notional derivatives outstanding.

s.17

More regulatory reforms are currently being considered by the financial regulatory authorities who may further impact how the province deals with its counterparties (e.g. a clearing house for managing derivative trading, types of allowable collateral, etc.).

The Province is currently reviewing its collateral management framework to ensure that it is managing its counterparty credit risk protection effectively while minimizing derivative charges where possible in a changing regulatory landscape.

Debt Burden

By any measure British Columbia's debt is affordable and, that fact materially explains the seven credit rating upgrades since 2004 and the province's triple-A credit rating.

More recently, the rating agencies have noted the improvements in the province's debt affordability, leading to Moody's Investors Services changing its Aaa "negative" outlook in December 2012 to a "stable" outlook in March 2015.

Credit rating agencies focus on debt affordability measures as opposed to absolute debt levels, e.g. debt as a percentage of GDP and revenue. Further, the rating agencies pay special attention to affordability of taxpayer supported debt as opposed to debt which is borne by standalone commercial entities and fully serviced by revenues of those enterprises.

The chart on the following page shows various measures used to determine debt affordability.

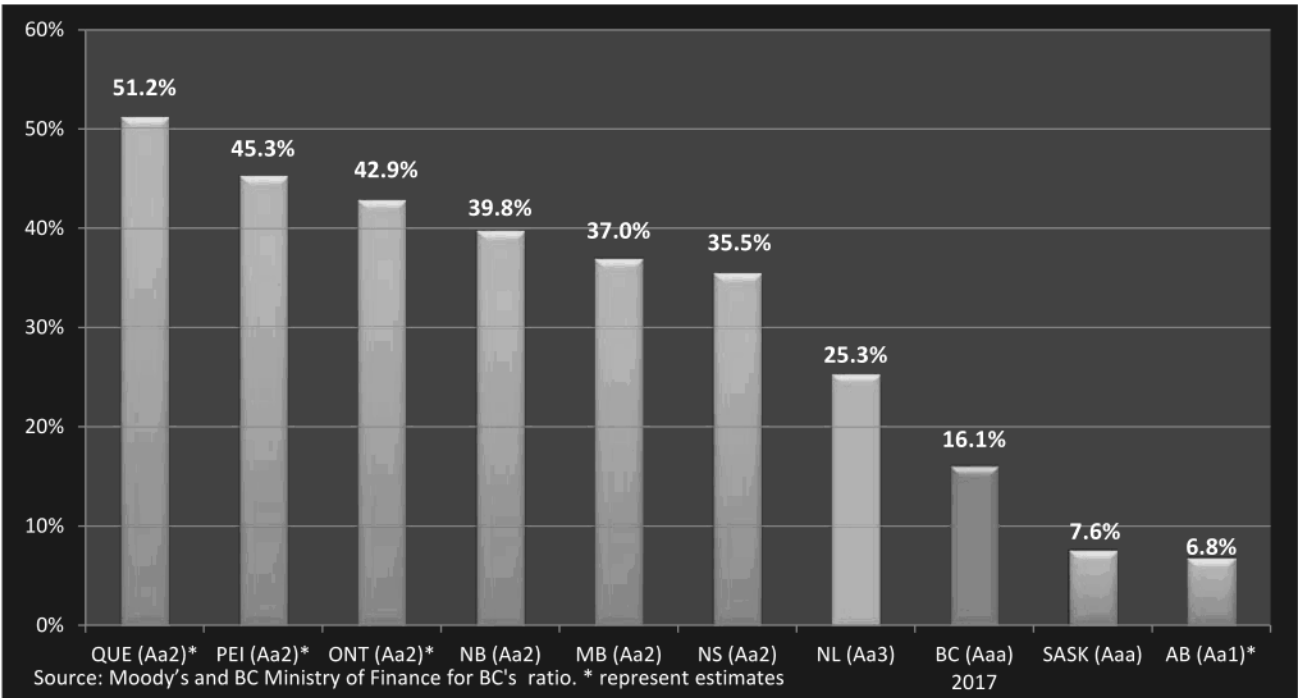
Fiscal Year (Millions):	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*
Taxpayer Supported:	\$25,937	\$26,549	\$26,402	\$29,968	\$31,821	\$34,659	\$38,182	\$41,068	\$41,880	\$42,727	\$42,027
Commercial Crowns and other self-supported:	7,502	8,088	11,612	11,917	13,333	15,534	17,634	19,625	21,040	22,565	24,289
Forecast Allowance:											350
Total Provincial Debt:	33,439	34,637	38,014	41,885	45,154	50,193	55,816	60,693	62,920	65,292	66,666
Percentage change of total provincial debt (YoY):	(3.0)%	3.6%	9.7%	10.2%	7.8%	11.2%	11.2%	8.7%	3.7%	3.8%	2.1%
Total debt-to-revenue:	68.8%	68.9%	77.2%	86.5%	88.5%	94.7%	104.1%	107.6%	106.4%	105.8%	101.6%
Taxpayer supported debt to GDP:	13.8%	13.4%	12.9%	15.3%	15.5%	16.0%	17.2%	17.9%	17.4%	17.1%	16.1%
Taxpayer supported interest bite (cents per dollar of revenue):	4.2	3.9	4.2	4.2	4.0	4.0	3.9	3.9	3.6	4.2	3.2

*forecasted

Source: 2016 British Columbia Financial & Economic Review and Budget and Fiscal Plan 2017

Interprovincial Comparison of Taxpayer-Supported Debt to GDP

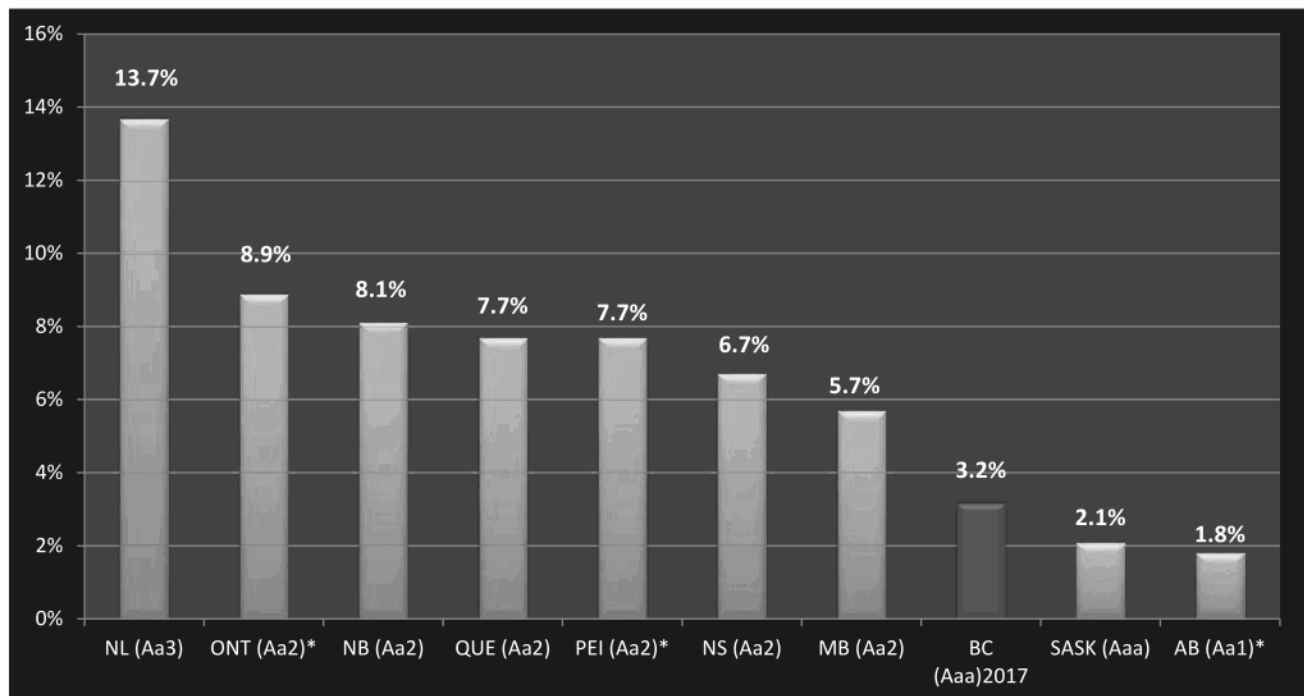
Taxpayer supported debt to GDP has declined significantly over the past decade from a high of 21.3 % in 2012/03 to 13.0 % in 2008/09 and is estimated by the province to be 16.1 % at March 31, 2017.



According to Moody's Investors Services BC has the third lowest debt to GDP ratio among the provinces. BC compares favourably internationally with the US (95.4%), UK (90%), and Japan (238.1%)

While Canada's debt to GDP is 34%, it stands out positively among the G7 countries and this has permitted the provinces, and banks and larger corporations in Canada to benefit from the "halo" effect of being Canadian, i.e. strong credit ratings, capital market access, competitive borrowing costs.

Interprovincial Comparison of Taxpayer-Supported Debt Service Costs as a % of Revenue as at March 31, 2016



Source: Moody's and BC Ministry of Finance for BC's ratio.

* represents estimates.

The percent of revenues which go to service taxpayer supported debt is also followed by the rating agencies to assess debt affordability.

In BC, this ratio has held steady in recent years between 4.2% and 3.2%. Moody's reports that the province has the third lowest "interest bite" among provinces.

Part of the strong performance on this metric relates to refinancing high cost debt in today's low interest rate environment.

BRITISH COLUMBIA'S PUBLIC SECTOR PENSION RISK MANAGEMENT

Pension Plan Positions

The chart below shows the actuarial position, as at the most the recent valuation date, of the four public sector pension plans.

Pension Plan	Number of Members (thousands)	Most recent Valuation	Funding Basis (millions)	Accrued Basis (millions)
Teachers'	93	Dec 31, 2014	\$449 102%	(\$704) 96%
College	26	Aug 31, 2015	\$154 104%	\$62 105%
Municipal	310	Dec 31, 2015	(\$2,224) 105%	\$1,034 103%
Public Service	114	Mar 31, 2014	\$194 101%	\$804 105%

- The last **Municipal Pension Plan** valuation, as at December 31, 2015, showed an improvement in the funded position of the plan, it went from 97% funded to 105% funded on a funding or going concern basis.
- The main reasons for this improvement are related to higher than projected investment returns and lower than projected salary increases. This was offset by improvements in membership mortality and a reduced discount rate (investment returns assumption).
- \$1.927 billion was set aside in the Basic account to establish a Rate Stabilization Account.
- Contribution rates remained unchanged.
- The last **College Pension Plan** valuation, as at August 31, 2015, showed an improvement in the funded position of the plan, it went from 97% funded to 104% funded on a funding or going concern basis.
- The main reasons for the improvement were due to higher than assumed rates of investment returns and lower than projected salary increases. This was offset by lower than projected contributions and changes in demographic and economic assumptions.

- Surplus was left in the plan to provide future rate stabilization.
- Contribution rates remained unchanged.
- The last **Teachers' Pension Plan** valuation, as at December 31, 2014, showed an improvement in the funded position of the plan, it went from 97% funded to 102% funded on a funding or going concern basis.
- The main reasons for the improvement are higher than assumed smoothed investment returns and lower than assumed salary increases. This was offset by lower than assumed actual contributions and changes in demographic assumptions, mostly mortality.
- The last **Public Service Pension Plan** valuation, as at March 31, 2014, showed an improvement in the funded position of the plan, it went from 98% funded to 101% funded on a funding or going concern basis.
- The main reasons for the improvement are higher than assumed smoothed investment returns and lower than assumed salary increases. This was offset by changes in demographic assumptions (mortality).
- Employer and employee contribution rates remained unchanged.

Pension Plan Background

BC has a good handle on managing its public sector plan risks

- contributions to the plans are shared 50/50 by employers and employees
- between 70 to 80% of pensions are paid by investment returns
- only the basic pension is guaranteed on a defined benefit basis
- pension indexation is provided on a defined contribution basis (and are limited to funds available for the purpose)
- post-retirement group health benefits, where provided, are on a pay-as-you-go basis (Public Service & Municipal plans provide some funding)
- under joint trusteeship, if the triennial actuarial valuation identifies an unfunded liability, the liability must be eliminated by either increasing contributions over a period not to exceed 15 years and/or reducing benefits (the latter by consensus of the plan sponsors).

CREDIT RATING

British Columbia Credit Ratings

Moody's Investor Service	Aaa	Stable
Standard and Poor's	AAA	Stable
Dominion Bond Rating Service	AA (High)	Stable
Fitch	AAA	Stable

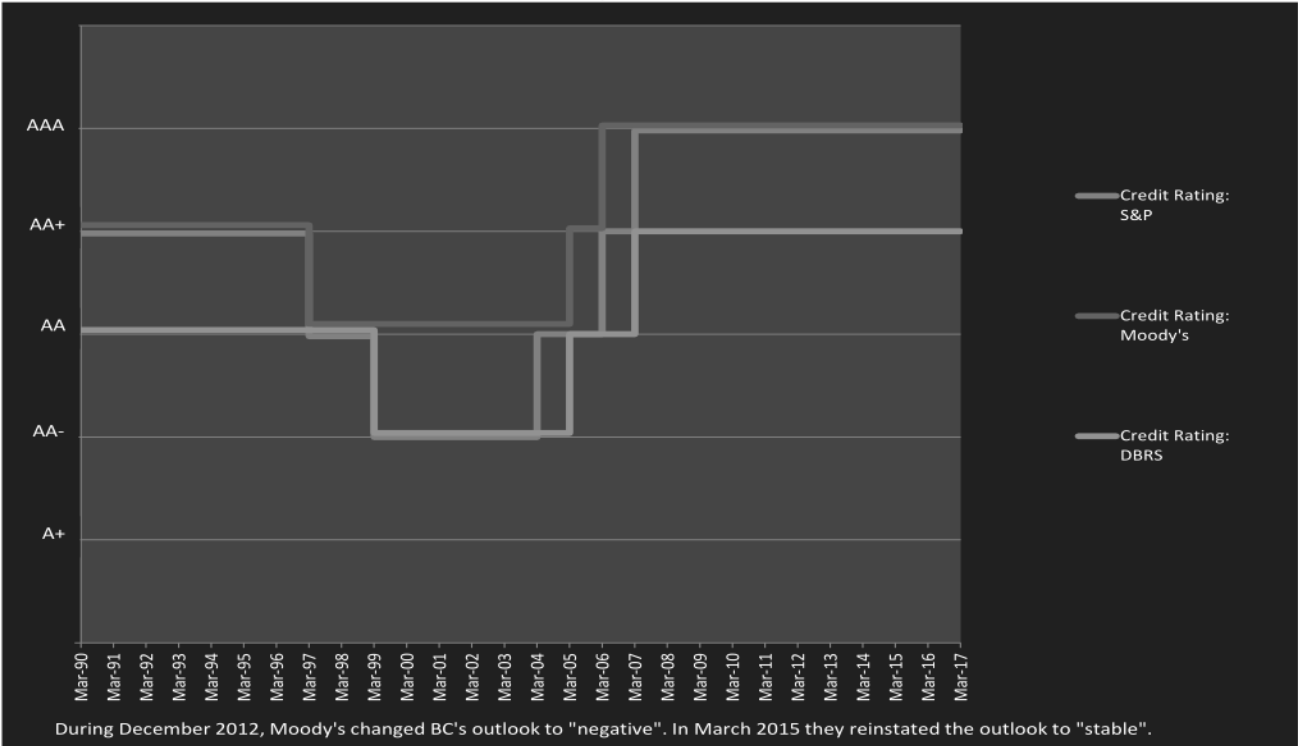
BC is the only province rated triple- A by both Moody's and Standard and Poor's (S&P), the two premier credit rating agencies in the global financial markets.

Dominion Bond Rating Service (DBRS) is a Canadian credit rating agency and has rated BC very highly at double AA (high); the only province with a AA (high) rating from DBRS.

Fitch is a US-based rating agency which is not contractually engaged to rate the Province. However, on an unsolicited basis, the agency releases ratings on the Province from time to time.

Canada is rated triple -A by all four of the credit rating agencies.

British Columbia's Credit Rating History
(Moody's, S&P, DBRS)



The chart above illustrates how the province's ratings with the three credit rating agencies have changed since 1990.

A credit rating is not a market valuation or investment advice. It is an assessment of credit risk and incorporates evaluation of historical data and performance, and future outlook. Rating action is often a lagging indicator and discounted by investors and bank underwriters who have already factored in good or poor performance in their pricing of an issuer's debt securities.

Factors which were cited by the rating agencies which explained the upgrades between 2004 and 2007 included:

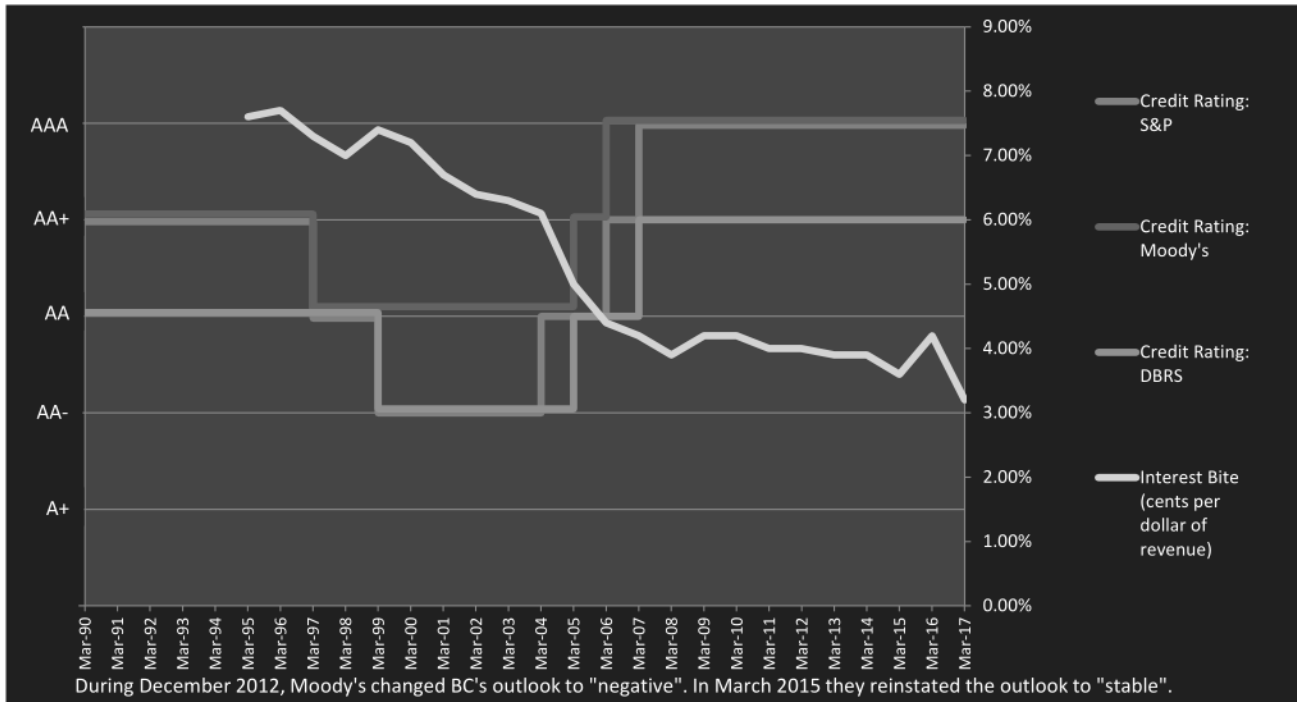
- Track record of surpluses and lower debt burden (larger result than expected)
- Expectations of future balanced budgets or surpluses
- Expectation of a decline in the debt burden
- Fiscal room to manoeuvre in case of unanticipated fiscal pressures
- Solid economic performance despite strong headwinds in some years
- Competitive provincial tax system
- Favourable assessment of economic forecasts
- Public sector pension plan governance
- Reporting transparency
- Successful management of infrastructure procurement
- Access to liquidity (egg. domestic and international investors)

Managing the province's credit rating agency relationships is an important function of the Ministry of Finance's mandate for sound fiscal management. Accordingly, the Ministry communicates clearly on material developments impacting the province's economic and fiscal management to avoid surprises and maintain a transparent and professional relationship with the rating agencies. The Ministry with support of the Minister of Finance provides detailed briefings following annual budgets and regular updates following all material public releases, e.g. Public Accounts and quarterly reports.

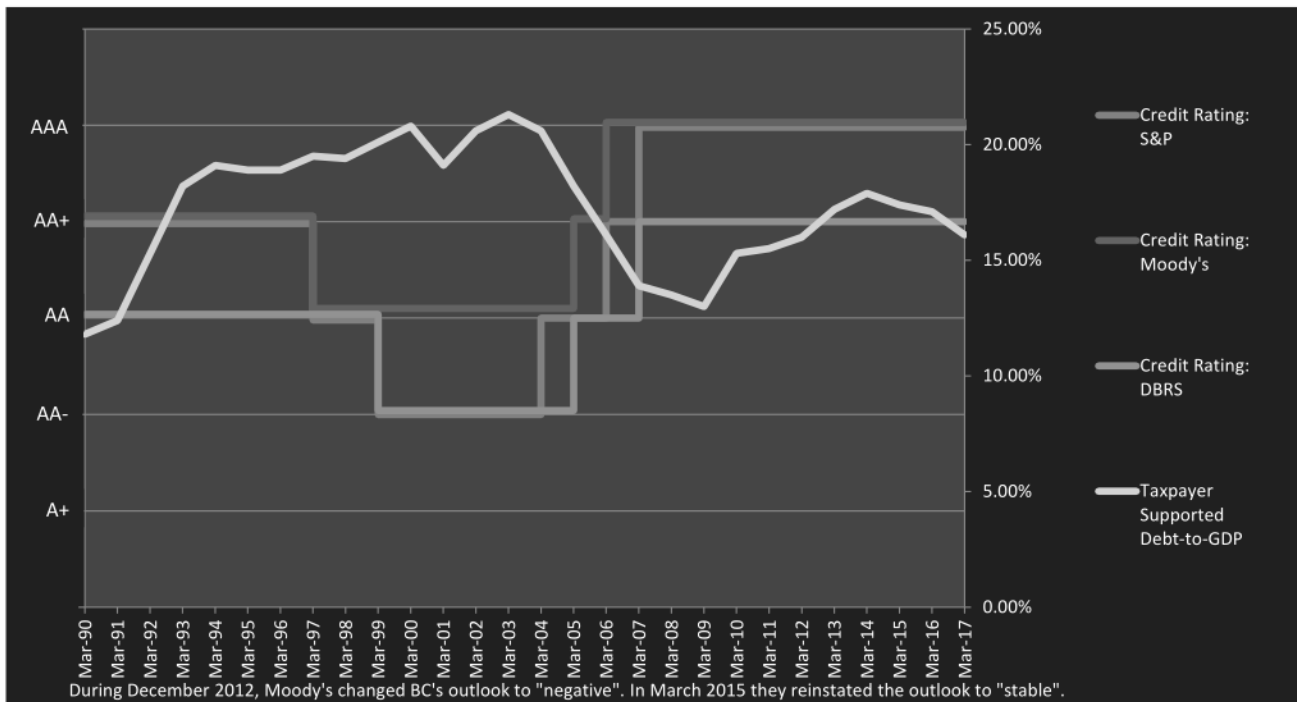
There is no single ratio or fiscal indicator which defines the province's credit rating. An appreciation of that can be gathered by the listing of factors which lead to a positive or negative rating action. Nonetheless, there are certain debt affordability and performance measures which have some correlation to rating action, usually on a lagged basis.

The following charts depict the major credit performance indicators followed by the agencies. They are self-explanatory and illustrate to varying degrees the province's upgrades in the mid-2000's. In each case the indicators were on an improving track and then deteriorated or flat-lined with the onset of the recession in 2008.

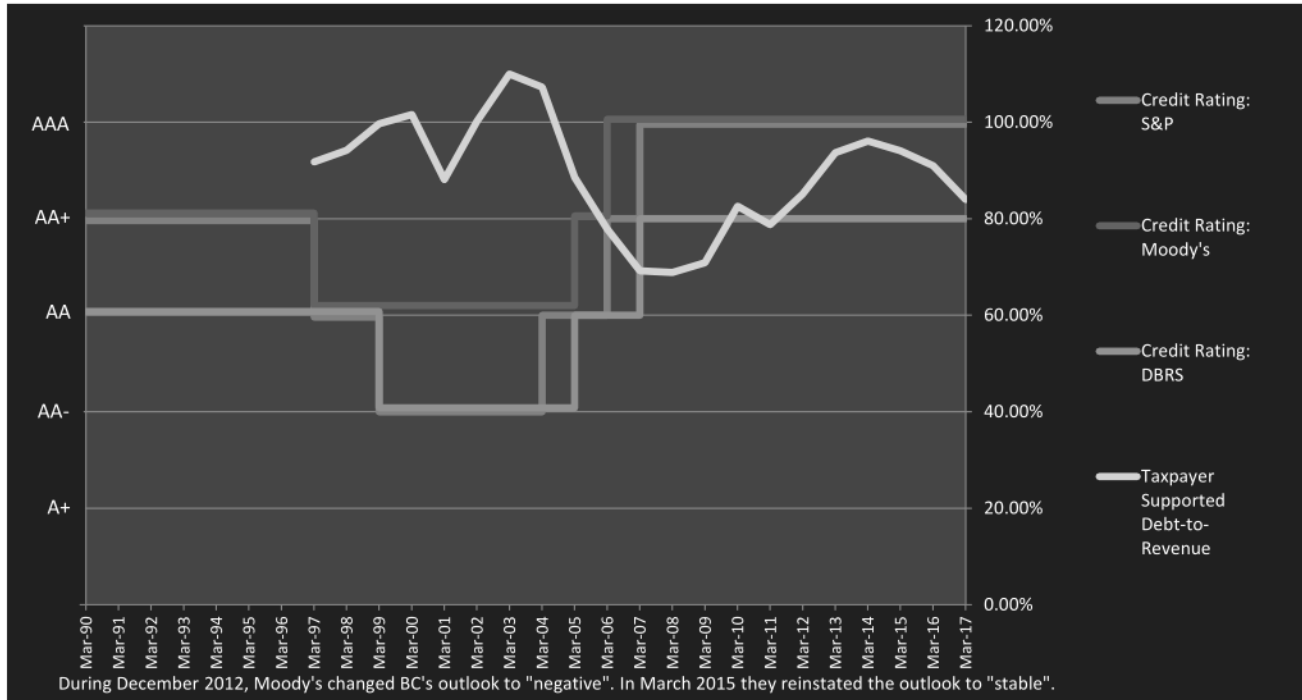
Relationship Between Interest Bite (cents per dollar of revenue) & Credit Rating Adjustments



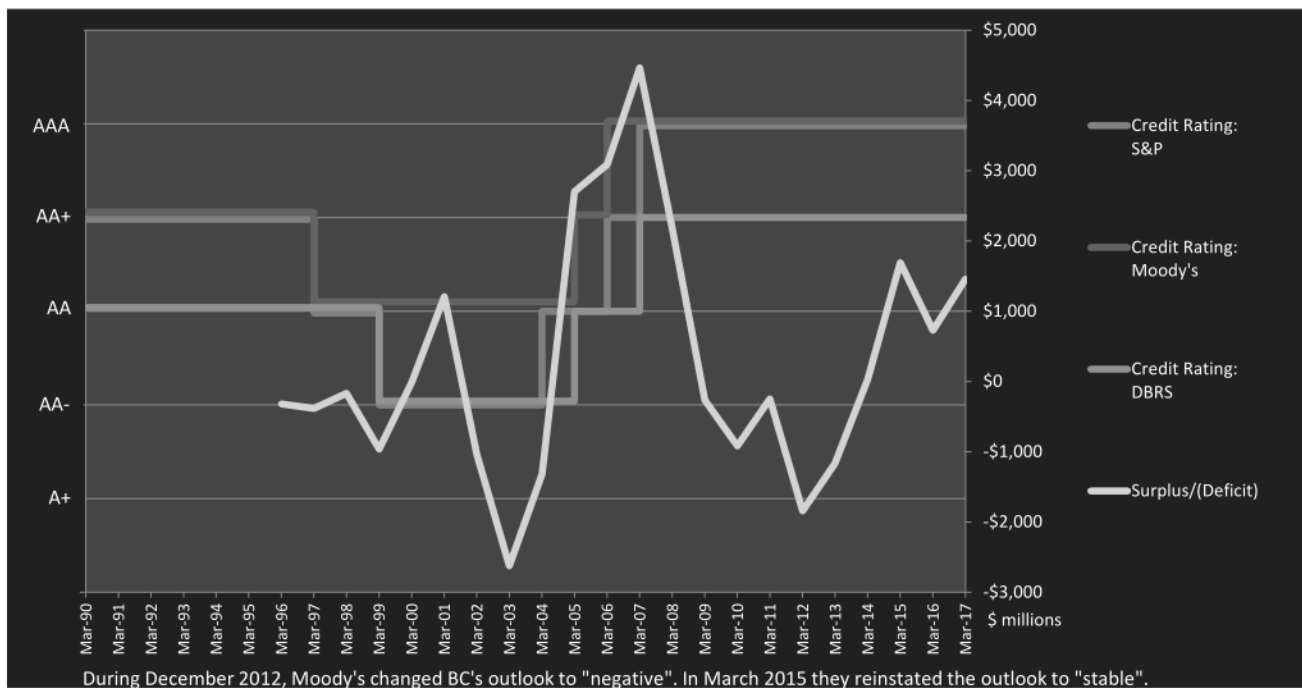
Relationship Between Tax-payer Supported Debt as a % of GDP & Credit Rating Adjustments



Relationship Between Tax-payer Supported Debt as a % of Total Revenue & CREDIT RATING ADJUSTMENTS



Relationship Between Surplus (Deficit) & Credit Rating Adjustments



Deficits or surpluses, in and of themselves, have the poorest correlation to rating action. The agencies are less concerned with a deficit per se and far more with the collateral impact on debt affordability. The agencies did not take action when the government slipped into deficit following the 2008/09 recession, noting that the government still carried affordable debt due to past efforts to lower the debt burden by using surpluses to pay down debt.

CREDIT RATING AGENCIES' ASSESSMENT OF THE PROVINCE'S FEBRUARY 2017 FISCAL PLAN

BACKGROUND:

Following the February 2017 Budget, the credit rating agencies assessed how the province has performed and published their credit opinions. In early March 2017, technical briefings were conducted by the Province with each of the credit rating agencies: Standard and Poor's (S&P), Moody's, Dominion Bond Rating Service (DBRS) and Fitch. The technical briefings are an opportunity for the rating agencies to ask a broad range of questions on the Fiscal Plan and any other areas of topical interest or focus.

DISCUSSION:

Moody's, S&P and Fitch have affirmed the province's triple-A rating with a stable outlook. DBRS has also affirmed its rating on the province of AA (High) with a stable outlook.

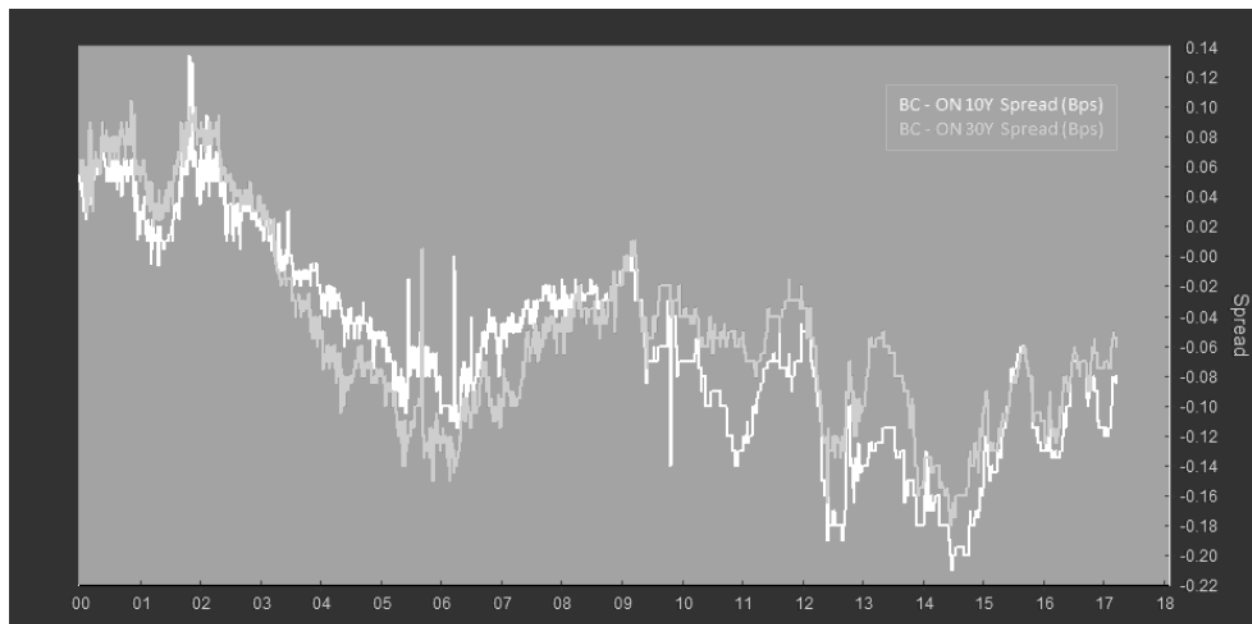
On February 22, 2017, Moody's issued a press release which was generally constructive although concerns were noted including: "Moody's points out that thin surpluses, low revenue growth and increased borrowing for capital spending will keep the province's debt burden elevated." Their press release went on to state "As part of its normal monitoring practice, Moody's will evaluate the 2017/18 budget's assumptions and its potential for upside and downside risks within the context of likely impacts on the province's debt burden." The agency is expected to publish a more detailed review on the province following the upcoming summer budget.

On March 31, DBRS issued a press release and reported: "Strong fiscal performance and steady economic growth has helped to reduce the debt-to-GDP ratio... British Columbia is once again expected to be among the provincial economic growth leaders with real GDP projected to grow by 2.1% in both 2017 and 2018 – roughly in line with the current private-sector consensus tracked by DBRS." Like Moody's, DBRS will publish a more detailed report on the province following the summer 2017 budget.

On March 31, S&P issued a press release and reported: "The ratings reflect the province's very strong financial management, economy, and budgetary flexibility in addition to its exceptional liquidity and sound budgetary performance. The stable outlook reflects our expectation that B.C.'s economy will continue expanding modestly through 2017 and 2018, contributing favorably to the province's budgetary performance."

BC Spreads vs. Ontario

British Columbia Bonds Spreads vs. Ontario 10 and 30 years



An important dividend paid on a strong credit rating and improving credit worthiness is lower borrowing costs. One way to track this is to compare how British Columbia's borrowing costs compare with Ontario which is the benchmark province in the domestic capital market. BC borrowed about 9 basis points (9/100's of one percent) higher than Ontario in the early 2000's in the 10 year-term and now borrows about 8 basis points lower. A favourable swing of 17 basis points on the province's cost of borrowing on a current annual requirement of \$5.45 billion yields \$9.1 million per year in debt service cost savings and \$91 million over an average borrowing term of 10 years. More recently, BC spreads have softened with the uncertainty around the election which is a typical response from investors (on June 2, 2017 BC's cost of borrowing would be about 4 basis points lower than Ontario at the 10-year term).

The capital markets have recognized and rewarded the province for superior fiscal performance with balanced budgets (one of only a few provinces to do so) and a materially lower expected debt burden. In Q4 2012, BC 30-year bonds traded 15 basis points above Alberta. On June, 2017, BC 30-year bonds trade 15 basis points lower than Alberta (an improvement of 30 basis points).

Other benefits which are afforded the province as a highly rated issuer of debt and, especially as a triple-A rated entity, is outstanding access to liquidity in Canada and abroad and insurance that the province will be able to finance essential government programs during periods of turbulence in the capital markets. With a triple A rating, the province bonds are eligible to be purchased by many of the major central banks and official institutions in the world, all of which provides a cost-effective bid for BC issues and lowers the cost of debt to the province. This strong international bid for BC bonds has enabled the province to finance in the international markets (e.g. US \$'s, EUROs, Swiss Francs) and fully swap or convert the liabilities into Canadian dollars at levels below the province's domestic cost of borrowing.

APPENDICES

S&P Global
Ratings

RatingsDirect®

Research Update:

Province of British Columbia Ratings Affirmed At 'AAA'; Outlook Is Stable

Primary Credit Analyst:

Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@spglobal.com

Secondary Contact:

Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@spglobal.com

Copyright

WWW.STANDARDANDPOORS.COM/RATINGSDIRECT

MARCH 31, 2017 1

1825367 | 300071004

Page 50 to/à Page 56

Withheld pursuant to/removed as

Copyright

**Announcement: Moody's Notes Continued Surpluses But High Debt Within
British Columbia's Budget**

Global Credit Research - 22 Feb 2017

Copyright

Page 58 to/à Page 67

Withheld pursuant to/removed as

Copyright

Press Releases



Insight beyond the rating.

Date of Release: March 31, 2017

DBRS Confirms British Columbia at AA (high) with a Stable Trend; Ample Flexibility as Election Nears

Copyright

Page 69 to/à Page 72

Withheld pursuant to/removed as

Copyright



Ministry of Finance - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
Receivables Management Office (RMO)	Council of Forest Industries	Michael Armstrong Vice President, Policy and Operations 604-891-1212 armstrong@cofi.org	Voice of the B.C. interior forest industry.	<ul style="list-style-type: none"> Various issues that arise with industry. 	1501–700 W. Pender St., Vancouver BC V6C 1G8
RMO	Timber Sales Advisory Council	Andrea Dixon 250-387-1236 Andrea.Dixon@gov.bc.ca	Forum for stakeholder and BC Timber Sales representatives to consider issues and topics of interest to clients and customers.	<ul style="list-style-type: none"> Timber sales 	PO Box 9507 Stn Prov Gov Victoria BC V8W 9C2
RMO	Truck Loggers Association	Michael Armstrong Vice President, Policy and Operations 604-891-1212 armstrong@cofi.org	Represents independent harvesting contractors, independent sawmills, small tenure holders and industry.	<ul style="list-style-type: none"> Account reconciliation Timing issues 	1501–700 W. Pender St., Vancouver BC V6C 1G8

Branch	Organization	Contact	Description	Key Issues	Address
Income Taxation Branch (ITB)	Canada Revenue Agency	Yves Giroux Assistant Commissioner Strategy and Integration Branch 613-952-3660 yves.giroux@cra-arc.gc.ca	Canada Revenue Agency HQ key point of contact	<ul style="list-style-type: none"> Service Level Agreements, Information Sharing MOUs, and TCA 	555 MacKenzie Avenue Ottawa ON K1A 0L5
ITB	Canada Revenue Agency	Maureen Phelan Assistant Commissioner Pacific Region 604 666-0456 Maureen.Phelan@cra-arc.gc.ca	Regional Assistant Commissioner - Stakeholder Relations	<ul style="list-style-type: none"> Stakeholder Relations 	800-1188 c/o 9755 King George Boulevard Surrey BC V3T 5E1
ITB	Canada Revenue Agency	Robert Van Iderstine Pacific Accounts Executive, Client Relations 604 666-8504 Robert.VanIderstine@cra-arc.gc.ca	Regional key point of contact – operations	<ul style="list-style-type: none"> Information Sharing, Personal and Corporate Income Tax, Benefit & Tax Credit Programs 	800-1188 c/o 9755 King George Boulevard Surrey BC V3T 5E1
ITB	Canada Revenue Agency	Dwayne Horton Manager, Provincial and Territorial Partnerships Section 613 941-6296 Dwayne.Horton@cra-arc.gc.ca	Tax credit and benefit data exchanges. Automated income tax data verification exchanges	<ul style="list-style-type: none"> Benefit and Income Tax Program Compliance 	750 Heron Road Ottawa ON K1A 0L5

Branch	Organization	Contact	Description	Key Issues	Address
ITB	Creative BC	Bob Wong Vice President & Acting Film Commissioner 604 730-2236 bwong@creativebc.com	Film certification information to confirm film tax credit claims	<ul style="list-style-type: none"> Film tax credit compliance 	2225 West Broadway Vancouver BC V6K 2E4
ITB	Industry Training Authority	Michelle McKinnon Manager, Apprenticeship Completions s.22 mmckinnon@itabc.ca	Apprenticeship certification to allow students to claim the Training Tax Credit	<ul style="list-style-type: none"> Training Tax Credit compliance 	800 – 8100 Granville Avenue Richmond BC V6Y 3T6
ITB	AdvantageBC	Colin Hansen President and CEO 604-683-6627 chanson@advantag ebc.ca	AdvantageBC International Business Centre is a non-profit society with a mandate to promote international business in British Columbia	<ul style="list-style-type: none"> Condition of registration within the International Business Activity program requires registration with the society 	Suite 3093, Three Bentall Centre 595 Burrard Street PO Box 49067 Vancouver BC V7X 1C4
Property Taxation Branch (PTB)	Land Title and Survey Authority of British Columbia	Al-Karim Kara Vice President, Business Innovation and Chief Information Officer 250-410-0600 Al-Karim.Kara@ltsa.ca	Responsible for administering the land title and survey systems of BC.	<ul style="list-style-type: none"> Collection of the property transfer tax. 	200 - 1321 Blanshard Street Victoria BC

Branch	Organization	Contact	Description	Key Issues	Address
PTB	BC Assessment	John Yannacopoulos Vice President s.22 john.yannacopoulos@bcassessment.ca	Real property assessments for BC.	<ul style="list-style-type: none"> Assessed values are used to determine rural property taxes in BC. 	400 - 3450 Uptown Blvd. Victoria BC
Consumer Taxation Programs Branch (CTPB)	South Coast British Columbia Transportation Authority (TRANSLINK)	Contact Name: Kelly Lownsbrough, Director, Financial Planning and Analysis 778-375-6793 Kelly.Lownsbrough@TransLink.ca		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the South Coast British Columbia transportation service region. 	400 - 287 Nelson's Court New Westminster BC V3L 0E7
CTPB	British Columbia Transit Authority	Contact Name: Megan Hill, MBA Director, Budgeting & Forecasting 250-995-5687 megan_hill@bctransit.com		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the Victoria regional transit service 	PO Box 9861 520 Gorge Road East Victoria, BC V8W 9T5
CTPB	BC Transportation Financing Authority	Contact Name: Jackie Zhu, Manager Financial Operations 250-387-7647 Jackie.Zhu@gov.bc.ca		<ul style="list-style-type: none"> Fuel taxes collected on fuel sold within the Victoria regional transit service 	300 - 940 Blanshard Street Victoria BC V8W 9R1

Branch	Organization	Contact	Description	Key Issues	Address
CTPB	ICBC	Norman Felix Manager, Vehicle Registration Programs s.22 Norm.Felix@icbc.com	Vehicle registration by Autoplan agents and driver's licence information.	<ul style="list-style-type: none"> Correcting (ICBC) agent misinformation (to the public) regarding PST on vehicle transfers. Information sharing 	217 - 151 W. Esplanade North Vancouver BC V7M 3H9
CTPB	Cowichan Tribes	Kim Dibbs Comptroller 250-748-3196 Kim.Dibb@cowichantribes.com	<ul style="list-style-type: none"> First Nation 	<ul style="list-style-type: none"> Tax Agreement for tobacco. 	5760 Allenby Road Duncan BC V9L 5J1
CTPB	Western Convenience Store Association	Andrew Klukas President, Western Convenience Stores Association 778-987 4440 andrew@conveniencestores.ca	<ul style="list-style-type: none"> Represents the interests of over 7,000 gas and convenience retailers. Conducts contraband tobacco studies. 	<ul style="list-style-type: none"> Contraband tobacco. 	5 – 1146 Pacific Blvd Vancouver BC V6Z 2Z7

Branch	Organization	Contact	Description	Key Issues	Address
Mineral, Oil, and Gas, Revenue (MOGR)	Oil and Gas Commission	Andrew Spence, Executive Director, Strategy & Information Services 250 419-4466 Andrew.Spence@bcogc.ca	Regulates the crude oil, natural gas and pipeline activities in BC. •	<ul style="list-style-type: none"> Oil and gas levy program Data collected by the commission is used for administration of crown royalties and freehold taxes. 	300, 398 Harbour Rd, Victoria, BC V9A 0B7
MOGR	Land Titles and Survey Authority (LTSA)	Jeff Beddoes Senior Deputy Surveyor General 250-410-0590 jeff.beddoes@ltsa.ca	LTSA is a publicly accountable, statutory corporation with a unique governance structure responsible for administering the land title and survey systems in BC.	<ul style="list-style-type: none"> MOGR relies on the LTSA's ownership records for the purpose of administering the Mineral Land Tax Act. 	2 nd floor 800 Yates St Victoria, BC V8W 1L8

Branch	Organization	Contact	Description	Key Issues	Address
Revenue Solutions Branch (RSB)	ESIT Advanced Solutions Inc.	Ross Davidson, President, 250-405-4512, Ross.Davidson@hpadvancedsolutions.com	ESIT Advanced Solutions Inc. (previously known as HP Advanced Solutions Inc.) is the Ministry's contracted service provider for revenue management and IM/IT services	<ul style="list-style-type: none"> Compliance with contractual terms. 	Suite 2200 - 4464 Markham Street Victoria BC V8Z 7X8
RSB	Canada Student Loan Program	Mary Pichette Director General 819-654-2691 mary.pichette@hrsdc-rhdcc.gc.ca Dominic Demers Director, Program Delivery s.22 dominic.demers@hrsdc-rhdcc.gc.ca	Administration Integration of student financial assistance as between the Canada Student Loans Program and StudentAid BC .	<ul style="list-style-type: none"> Contract management of the Integration Agreement between FIN, AVED and CSLP Ensuring the timely 	200 Montcalm Tower 2, 5th Floor Gatineau, Québec K1A 0J9
Consumer Taxation Audit Branch (CTAB)	Canadian Federation of Independent Business	Contact Name: Samantha Howard Director 604-684-5325 Samantha.Howard@CFIB.ca	Represents over 109,000 small businesses across Canada.	<ul style="list-style-type: none"> Audits and refunds. 	#1430 – 625 Howe Street, Vancouver BC V6C 2T6

Branch	Organization	Contact	Description	Key Issues	Address
Investigations Unit (IU)	Criminal Intelligence Service BC/Yukon	Gord Haddon, Intelligence Liaison Officer s.22 gord.haddon@rcmgord.haddon@rcmp-grc.gc.ca	Coordinates criminal intelligence for police agencies across Canada	<ul style="list-style-type: none"> Information sharing 	Mailstop #704 14200 Green Timbers Way Surrey, BC V3T 6P3
IU	Vancouver Police Department	Eileen Volpatti, VPD Sergeant, Officer in Charge of Beat Enforcement Team 1 604 717-2569 s.22 Eileen.volpatti@vpd.ca	Law enforcement agency for Vancouver.	<ul style="list-style-type: none"> Information sharing. 	2620E Hastings St E Vancouver BC V5K 1Z6

Page 09 to/à Page 10

Withheld pursuant to/removed as

s.13

EXECUTIVE MEMBER BIOGRAPHY

Elan Symes, Assistant Deputy Minister, Revenue Division



Elan Symes was named Assistant Deputy Minister of the Revenue Division in July, 2004.

Ms. Symes has over 27-years' experience in tax and revenue administration and she has held progressively responsible positions in the Ministry over this period. Prior to this appointment, she was Executive Director of the Consumer Taxation Branch for the Ministry of Provincial Revenue. Prior to joining the provincial government, Ms. Symes practiced law in Victoria.

She has an L.L. B and a Bachelor of Arts with Distinction degree from the University of Alberta, and completed the Queens University Public Executive Program.

Revenue Division

ADM Responsible: Elan Symes

Core Business/ Program Area Description/Critical Business Processes:

Revenue Division is responsible for administration, compliance and enforcement activities for taxes¹, fees and natural resource royalties for the Province. This includes:

- Audit assessments, tax refunds, and the administration of tax credit and benefit programs.
- Natural resource revenue administration for the collection of royalties, freehold production taxes and resource management fees levied on the production of minerals, oil and gas.
- Promote voluntary compliance with tax obligations through quality customer service, education and compliance programs.
- Represent British Columbia in its relationship with the Canada Revenue Agency and the Canada Border Services Agency with respect to the taxation statutes they administer on behalf of the Province.
- Manage Ministry of Finance's Alternative Services Delivery contract with HP Advanced Solutions (HPAS) to provide revenue management services (including billing, payment processing, and collections services), deliver IM/IT services for various revenue and tax programs, and build and maintain a Revenue Management System (Revenue Contract).
- Provide services to local governments and service areas and collect taxes on their behalf.

Budget

Gross:	\$195.1M
External Recoveries:	\$112.2M
Net:	\$82.9M

Full Time Equivalents (FTEs):

728 at March 31, 2017

¹ Taxes include: consumption taxes (carbon, social service, hotel room, motor fuel and tobacco taxes); property taxes (rural property, school and property transfer taxes) and; other taxes (corporation capital, insurance premium and logging taxes).

Related Legislation:

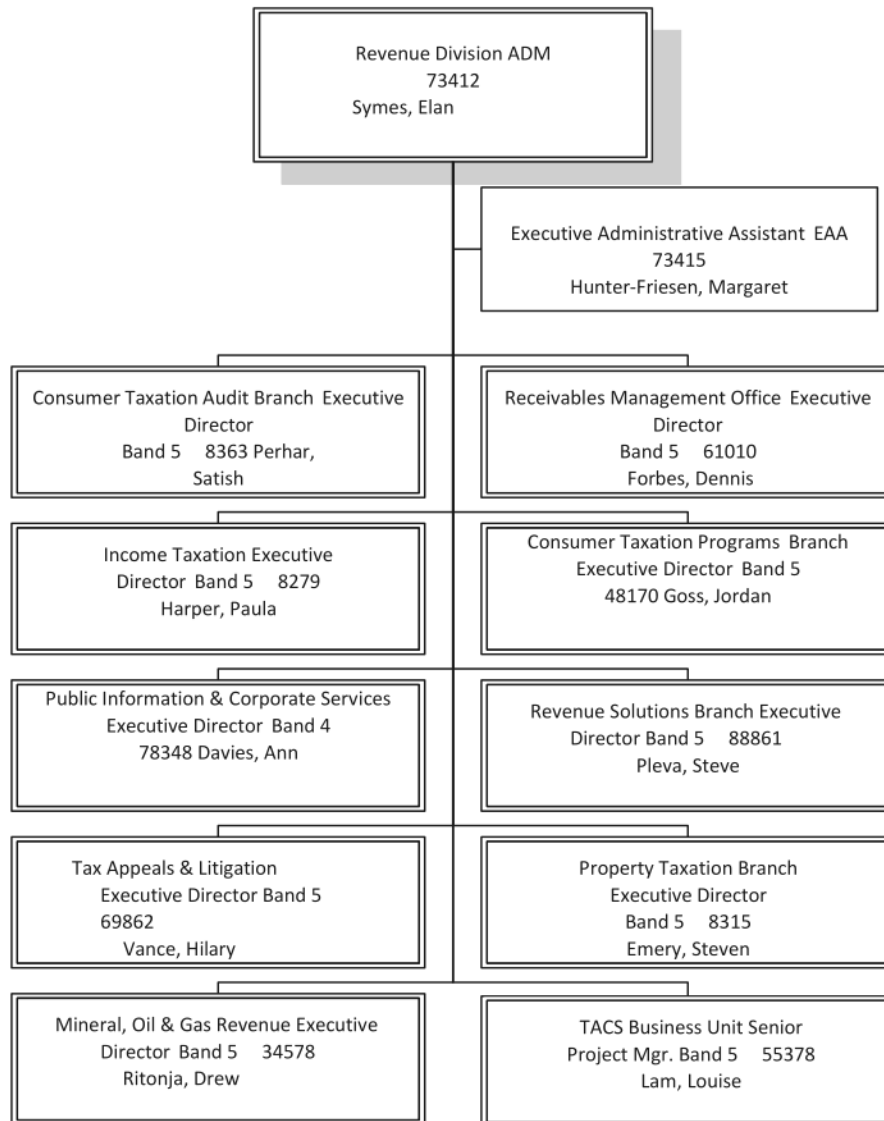
Revenue Division administers the following enactments in whole or in part:

- *Carbon Tax Act*
- *Consumption Tax Rebate and Transition Act*
- *Corporation Capital Tax Act*
- *Home Owner Grant Act*
- *Hotel Room Tax Act*
- *Income Tax Act*
- *Indian Self-Government Enabling Tax Act*
- *Insurance Premium Tax Act*
- *International Business Activity Act*
- *Land Tax Deferment Act*
- *Logging Tax Act*
- *Motor Fuel Tax Act*
- *Police Act*
- *Property Transfer Tax Act*
- *Provincial Sales Tax Act*
- *Social Service Tax Act*
- *Taxation (Rural Area) Act*
- *Tobacco Tax Act*

Revenue Division also administers the following enactments and agreements in areas related to revenue management processes only:

- *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*
 - *Renewable and Low Carbon Fuel Requirements Regulations*
- *Forest Act*
- *Forest and Range Practices Act*
- *Homeowner Protection Act*
- *International Fuel Tax Agreement*
- *Medicare Protection Act*
- *Mineral Land Tax Act*
- *Mineral Tax Act*
- *Mines Fee Regulation*
- *Petroleum and Natural Gas Act*
 - *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation*
 - *Net Profit Royalty Regulation*
- *Oil and Gas Activities Act (production levies)*
- *Orphan Site Reclamation Fund Tax*
- *Range Act*
- *Wildfire Act*

Organizational Chart:



STAKEHOLDER CONTACTS
FINANCE - Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Ministry of Finance	Athana Mentzelopoulos Deputy Minister Co-chair 250-387-3184 Athana.Mentzelopoulos@gov.bc.ca	DMIIF - Deputy Minister Industry and Infrastructure Forum Created in response to industry calls for a stronger relationship with government. 17 members (8 govt and 9 industry) plus 6 non-voting advisors.	Consult, discuss and share information and ideas related to improving government's infrastructure procurement practices and use of construction-industry resources. Typically meets quarterly with the next meeting in late June or early July 2017.	Room 109-617 Government St Victoria BC V8W 9V1

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Houle Electric	Ross McLean BCCA Past Board Chair Co-chair 250-544-0099 rmclean@houle.ca	DMIIF		300A – 2261 Keating Cross Rd Victoria BC V8M 2A5
TBS, PBO	STBR Consulting	Terry Brown President 250-979-8260 terrybrown.stbr@hotmail.com	DMIIF		1076 Martin Avenue Kelowna BC V1Y 6V5
TBS, PBO	Smith Bros. & Wilson (BC) Ltd	Clark Cambell Chief Estimator/ Sr. Project Manager 604-619-5624 clark.campbell@sbw.ca	DMIIF		8729 Aisne Street Vancouver BC V6P 3P1
TBS, PBO	Western Pacific Enterprises	Ron Fettback Vice President, Operations 604-540-1321 ron@wpe.bc.ca	DMIIF		1321 Ketch Court Coquitlam BC V3K 6X7

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Architectural Institute of BC	Joan Hendriks Director of Registration & Licensing 604-683-8588 ext 323 jhendriks@aibc.ca	DMIIF		#100 – 440 Cambie Street Vancouver BC V6B 2N5
TBS, PBO	Equity Plumbing & Heating Ltd.	Brad Popoff President 250-563-1191 brad@equityplumbing.ca	DMIIF		881 4th Avenue Prince George BC V2L 3H5
TBS, PBO	Association of Professional Engineers and Geoscientists of BC	Harshan Radhakrishnan Practice Advisor 604-412-6054 hrad@apeg.bc.ca	DMIIF		200-4010 Regent Street, Burnaby BC V5C 6N2
TBS, PBO	Stratice Consulting Inc.	Tim Stanley President Vice Chair, ACEC-BC 604-812-1102 tim.stanley@stratice.ca	DMIIF		8657 Seascapes Drive West Vancouver BC V7W 3J7

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Scansa Construction Ltd	Pete White Business Development/ Chief Estimator 250-478-5222 ext 234 pwhite@scansa.ca	DMIIF		203-3179 Jacklin Road Victoria BC V9B 3Y7
TBS, PBO	Ministry of Technology, Innovation and Citizens' Services	Sarf Ahmed Associate Deputy Minister 250-387-0315 Sarf.Ahmed@gov.bc.ca	DMIIF		2nd Floor - 525 Superior St Victoria BC V8V 1T7
TBS, PBO	Ministry of Jobs, Tourism and Skills Training	Shannon Baskerville Deputy Minister 250- 952-0103 Shannon.Baskerville@gov.bc.ca	DMIIF		1810 Blanshard Street Victoria BC V8W 9T2
TBS, PBO	Ministry of Education	Dave Byng Deputy Minister 250-387-2026 Dave.Byng@gov.bc.ca	DMIIF		5 th Floor - 620 Superior St Victoria BC V8W 9H3

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Ministry of Advanced Education	Sandra Carroll Deputy Minister 250-356-1234 Sandra.Carroll@gov.bc.ca	DMIIF		3rd Floor - 835 Humboldt St Victoria BC V8W 9T6
TBS, PBO	Ministry of Health	Sabine Feulgen Associate Deputy Minister 250-952-1764 Sabine.Feulgen@gov.bc.ca	DMIIF		5-3 – 1515 Blanshard St Victoria BC V8W 3C8
TBS, PBO	Ministry of Finance	David Galbraith Assistant Deputy Minister 250-356-5427 David.Galbraith@gov.bc.ca	DMIIF		Room 104-617 Government St Victoria BC V8W 9V1
TBS, PBO	Ministry of Transportation and Infrastructure	Grant Main Deputy Minister 250-387-3280 Grant.Main@gov.bc.ca	DMIIF		5B-940 Blanshard Street Victoria BC V8W 3E6

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	BC Construction Association	Chris Atchison President 250-475-1077 chris.atchison@bccassn.com	DMIIF		401 – 655 Tyee Road Victoria BC V9A 6X5
TBS, PBO	BC Hydro	Linda Beardsell Director, Infrastructure Projects Procurement 604-528-2865 Linda.Beardsell@bchydro.com	DMIIF		6911 Southpoint Drive, A01 Floor Burnaby BC V3N 4X8
TBS, PBO	Partnerships BC	Amanda Farrell President & CEO 604-806-4161 Amanda.Farrell@partnershipsbc.ca	DMIIF		2320 - 1111 West Georgia St Vancouver BC V6E 4M3
TBS, PBO	Independent Contractors and Businesses Association of BC	Chris Gardner President 604-298-7795 chris@icba.ca	DMIIF		211 – 3823 Henning Drive Burnaby BC V5C 6P3

Branch	Organization	Contact	Description	Key Issues	Address
TBS, PBO	Association of Consulting Engineering Companies of BC	Keith Sashaw President & CEO 604-687-2811 keith@acec-bc.ca	DMIIF		1258 - 409 Granville Street Vancouver BC V6C 1T2
TBS, EFA	Bank of Montreal	Doug Porter Chief Economist (416) 359-4887 Douglas.Porter@bmo.com	Economic Forecast Council (EFA) consists of at least 10 members (external to government), appointed by order of the minister for their knowledge of the BC economy and expertise in economic analysis and forecasting.	Requirement of the Budget Transparency and Accountability Act.	100 King Street West, 3rd Floor Toronto ON M5X 1H3
TBS, EFA	BC Real Estate Association	Cameron Muir Chief Economist (604) 742-2780 cmuir@bcrea.bc.ca	EFA		1420-701 Georgia Street W - Pacific Centre Vancouver BC V7Y 1C6

Branch	Organization	Contact	Description	Key Issues	Address
TBS, EFA	Business Council of BC	Ken Peacock Chief Economist(604) 684-3384 Ken.Peacock@bccbc.com	EFA		Suite 810 - 1050 West Pender Street Vancouver BC V6E 3S7
TBS, EFA	Central 1 Credit Union	Helmut Pastrick Chief Economist(604) 737-5026 Hpastrick@central1.com	EFA		1441 Creekside Drive Vancouver BC V6J 4S7
TBS, EFA	CIBC	Avery Shenfeld Chief Economist(416) 594-7356 Avery.Shenfeld@cibc.ca	EFA		161 Bay St, 4th Floor Toronto ON M5J 2S8
TBS, EFA	Conference Board	Marie-Christine Bernard Associate Director Provincial Forecast(613) 526-3090 ext. 415 bernard@conferenceboard.ca	EFA		255 Smyth Road Ottawa ON K1H 8M7

Branch	Organization	Contact	Description	Key Issues	Address
TBS, EFA	IHS Markit	Arlene Kish Senior Principal Economist(416) 682-7315 Arlene.Kish@ihs.com	EFA		Suite 900 - 3280 Bloor Street West, Centre Tower Toronto ON MX8 2X3
TBS, EFA	Laurentian Bank Securities	Sébastien Lavoie Chief Economist(514) 350-2931 lavoies@vmbi.ca	EFA		1981 McGill College Avenue Montreal QC H3A 3K3
TBS, EFA	National Bank	Stéfane Marion Chief Economist(514) 879-3781 stefane.marion@bnc.ca	EFA		1155 Metcalfe, 5th Floor Montreal QC H3B 4S9
TBS, EFA	RBC	Craig Wright Chief Economist(416) 974-7457 Craig.Wright@rbc.com	EFA		200 Bay Street, 9 th Floor South Tower Royal Bank Plaza Toronto ON M5J 2J5

Branch	Organization	Contact	Description	Key Issues	Address
TBS, EFA	Scotiabank	Jean-François Perrault Chief Economist(416) 866-6136 <u>Jean-Francois.Perrault@scotiabank.com</u>	EFA		Scotia Plaza 40 King Street West, 63rd Floor Toronto ON M5H 1H1
TBS, EFA	Stokes Economic Consulting	Ernie Stokes President(905) 878-8292 <u>estokes@c4se.com</u>	EFA		Unit #221 - 336 Bronte Street South Milton ON L9T 7W6
TBS, EFA	TD	Derek Burleton Deputy Chief Economist(416) 982-2514 <u>Derek.burleton@td.com</u>	EFA		66 Wellington Street West - 20th Floor TD Bank Tower Toronto ON M5K 1A2

ISSUE NOTE

Issue:

- Economic Forecast Council Membership Renewals

Background:

- The appointed term for the majority of Economic Forecast Council (EFC) members expires on July 18th 2017.
- Re-appointment requires a new Ministerial Order and a letter from the Minister of Finance to the appointee.
 - Minister Michael de Jong signed the Ministerial Order and offer letters on June 20, 2017.
- As such, the following members will be re-appointed for a 3-year term effective July 19, 2017:
 - TD Bank Financial Group
 - Business Council of British Columbia
 - IHS Markit (formerly IHS Global Insight)
 - Bank of Montreal
 - The Conference Board of Canada
 - CIBC World Markets
 - National Bank Financial
 - British Columbia Real Estate Association
 - Central 1 Credit Union
 - Scotiabank
 - RBC Capital Markets
 - Stokes Economic Consulting
- The remaining EFC member, Laurentian Bank Securities, will be eligible for re-appointment in 2018.
- In accordance with the *Budget Transparency and Accountability Act* (BTAA), the EFC must maintain a minimum of ten members.
 - Members of the council hold office for a term of at least 3 years, to be set by the Minister of Finance.
 - With the renewal of the 12 aforementioned members' term, the EFC will consist of 13 members, satisfying the BTAA requirement.

Decision required:

- For information

ISSUE NOTE

Issue:

- Economic Forecast Council Membership Renewals

Background:

- The appointed term for the majority of Economic Forecast Council (EFC) members expires on July 18th 2017.
- Re-appointment requires a new Ministerial Order and a letter from the Minister of Finance to the appointee.
- Ministry staff recommends offering re-appointments to the following members, for an additional 3-year term:
 - TD Bank Financial Group
 - Business Council of British Columbia
 - IHS Markit (formerly IHS Global Insight)
 - Bank of Montreal
 - The Conference Board of Canada
 - CIBC World Markets
 - National Bank Financial
 - British Columbia Real Estate Association
 - Central 1 Credit Union
 - Scotiabank
 - RBC Capital Markets
 - Stokes Economic Consulting
- The remaining EFC member, Laurentian Bank Securities, will be eligible for re-appointment in 2018.
- In accordance with the *Budget Transparency and Accountability Act* (BTAA), the EFC must maintain a minimum of ten members.
 - Members of the council hold office for a term of at least 3 years, to be set by the Minister of Finance.
 - With the renewal of the 12 aforementioned members' term, the EFC will consist of 13 members, satisfying the BTAA requirement.

Decision required:

- **60 day issue**
- Ministry staff will prepare the Ministerial Order and appointee letters for review and signature by the Minister of Finance.

ISSUE NOTE

Issue:

- Appointment of Treasury Board Members

Background:

- Treasury Board consists of: the Minister of Finance as chair; another minister appointed and designated as vice-chair; and other ministers and members of the Legislative Assembly as appointed by the Lieutenant Governor in Council. The majority of Treasury Board members must be members of Cabinet.
- The current Treasury Board is comprised of nine members.
- The new government may have a number of ministers and members of the Legislative Assembly that are new to the Legislature and/or unfamiliar with the decision-making processes of the various Cabinet committees.
- Treasury Board Staff will be available to brief the new Treasury Board members in order to acquaint them with the committee's decision-making process.
- A Treasury Board meeting will be required shortly after the appointment of the new Cabinet to update Treasury Board on the fiscal plan, to seek direction on potential issues needing Treasury Board approval, and to make decisions required for the Budget and Fiscal Plan Update.

Decisions required:

- **30 day issue.**
- Cabinet structure (reorganization)
- Appointment of vice chair and other members of Treasury Board

EXECUTIVE MEMBER BIOGRAPHY

David Galbraith, Deputy Secretary to Treasury Board



David has been with the Provincial government since 1992. He has held a variety of executive and management level positions in a number of ministries including Finance; Environment, Lands and Parks; Tourism Sport and the Arts; Healthy Living and Sport; Community, Sport and Cultural Development; and, Social Development and Social Innovation.

During his career he has been responsible for a wide variety of program areas including: the development of the provincial budget for social ministries; delivery, budgeting and accountability for provincial granting programs; developing provincial public policy and delivery of on the ground services across BC.

David is an Economics graduate of the University of Victoria. He has a passion for good governance, empowering people and ensuring excellent government service to British Columbians.

s.22

Treasury Board Staff

ADM Responsible: David Galbraith

Core Business/Program Area Description/Critical Business Processes:

Treasury Board Staff (TBS) provides for financial management advice in order to support well-informed decisions by Treasury Board and the Minister of Finance, including advice on economic performance, and on management of ministry and agency operating spending, revenue, capital spending and debt.

Treasury Board staff is responsible for forecasting economic growth in British Columbia; evaluating the risks and opportunities related to the government's fiscal plan; developing economic, revenue and spending forecasts and plans; and making recommendations to Treasury Board and government on the corrective measures needed to keep the fiscal plan on track throughout the year. Treasury Board staff supports the operations of Treasury Board meetings throughout the year, and advises the Board on the spending management issues and budgetary requests brought forward by ministries and other government agencies.

TBS also provides for development, management, and production of the Budget and Fiscal Plan, the Estimates, Quarterly Reports, the Financial and Economic Review, and other related documents.

Budget:

\$6,701,000 (Budget 2017)

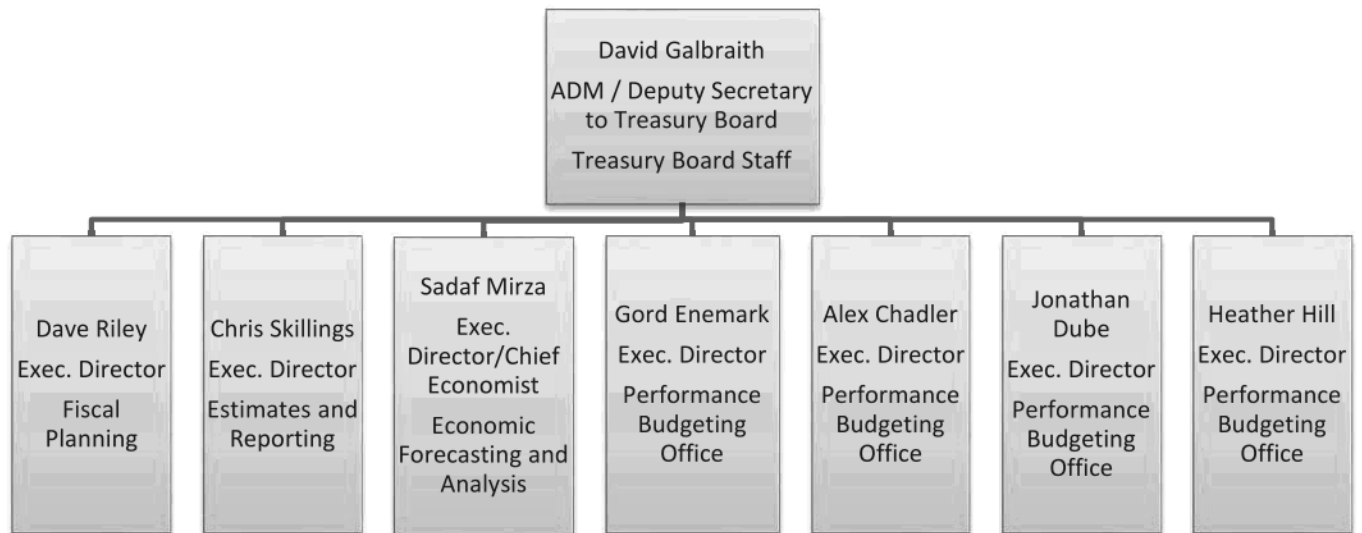
Full Time Equivalents (FTEs):

61

Related Legislation:

FAA, BTAA, BBMAA

Organizational Chart: (ADM / ED)



ISSUE NOTE

Issue:

- Budget and Fiscal Plan Update

Background:

- The *Budget and Transparency Accountability Act* requires that a new budget and main estimates be tabled in the Legislature no later than 90 days after the post-election Cabinet is appointed.
- The Budget and Fiscal Plan Update will require revised economic assumptions and updates to revenue forecasts as well as Crown corporation and SUCH sector projections. This will result in revised operating results and debt forecasts.
- The Budget and Fiscal Plan Update must also reflect any changes to ministries as a result of the responsibilities assigned to the new Cabinet.
- There are a series of decisions that need to be made in the run up to the release of the Budget and Fiscal Plan Update. How quickly these decisions need to be made will depend upon the confirmed date of the Budget and Fiscal Plan Update (e.g. A Budget and Fiscal Plan Update in September would coincide with the release of the First Quarterly Report; anything earlier will require the incoming government committing to an aggressive schedule and potentially limiting the decisions and budget adjustments that can be made).
- The 2013 Budget and Fiscal Plan Update was tabled in late June, while both the 2005 and 2009 Budget and Fiscal Plan Updates were tabled in September.

Decisions required:

- **30 day issue.**
- Cabinet structure (reorganization)
- Date for release of Budget and Fiscal Plan Update
- Confirm location of media/stakeholder lock-up
- Dates and agendas for Treasury Board/Premier meetings for decisions
- Confirm any adjustments to ministry spending plans and/or ministry organizations; including new information/direction since the February 2017 Budget (e.g. commitments made by government)

- Economic and revenue forecast update including Economic Forecast Council advice
- Any revenue policy decisions required
- Inclusion of updated forecast/actual
- Budget speech content
- Budget legislation

ISSUE NOTE

Issue:

- 2017 British Columbia Financial and Economic Review

Background:

- There is no legislative requirement to publish the Financial and Economic Review (FER), however it is a useful disclosure document that serves a number of needs and clients.
- The FER provides a review of economic and financial developments in BC during the past year, and is a companion document to the *Public Accounts* which is expected to be made public in July. The FER fulfills the province's reporting requirements to investors and securities regulators, and is sourced frequently for historical financial information.
- The *Public Accounts* and the Financial and Economic Review, in combination, are filed with investors and securities regulators in lieu of having to file a prospectus for each debt issue. Failure to file on time may restrict government's access to the financial markets. Regulators include:
 - SEC (Securities and Exchange Commission)
 - LSE / UKLA (London Stock Exchange / United Kingdom Listing Authority)
 - LuxSE / CSSF (Luxembourg Stock Exchange / Commission de Surveillance du Secteur Financier)
 - SIX (Suisse Exchange)
 - SCH (Shanghai Clearing House) and Chinamoney websites

Decisions required:

- **60 day issue.**
- The FER is prepared in July and is planned for release on the government website on or shortly after the release of the *Public Accounts* this year.

TREASURY BOARD STAFF TRANSITION BINDER

SPRING 2017

TABLE OF CONTENTS

	TAB
February Budget 2017 - Summary	1
Budget 2017 Expenditure Decisions & Background (Operating) - GORD	A
Budget 2017 Revenues - DAVE	B
Budget 2017 Capital Plan – HEATHER	C
Budget 2017 Debt – CHRIS	D
Summary of Key Budget 2017 Economic Trends – SADAF	E
Federal Infrastructure Programs - HEATHER	F
Post-Budget 2017 Revenue, Debt, and Contingencies Updates	2
Update on 2016/17 Fiscal Year Results - DAVE	A
Updated Revenue Forecast - DAVE	B
Updated Debt Forecast - CHRIS	C
Economic Update - SADAF	D
Budget Process Overview	3
Budget Development , Reporting & Monitoring - CHRIS	A
Post-Election Budget Options & Scenarios - CHRIS	B
10 year Capital Plan Process - HEATHER	C
Economic Overview	4
Briefing on Macro-economics	A
Introduction to BC's Economy - SADAF	B
<ul style="list-style-type: none"> Appendix A: Inter-Provincial Comparisons 	

Economic Forecast Process - SADAF	C
Framework for Assessing the Economy's Performance - SADAF	D
Economic Forecast Council -SADAF <ul style="list-style-type: none"> Appendix: EFC Topic Box (February 2017 Budget) 	E
Briefing Notes - SADAF <ul style="list-style-type: none"> Labour Force Survey (LFS) Overview LFS Monthly Note BC Housing Market Update Weekly Economic Review GDP by Industry Interest and Exchange Rate Update Softwood Lumber Update Aging Demographics 	F
Treasury Board & Treasury Board Staff	5
Assistant Deputy Minister Bio - SHALEIGH	A
Treasury Board & Treasury Board Staff - JON	B
Treasury Board & Cabinet Committees - ALEX	C
Treasury Board Staff Templates - ALEX	D
Key Financial Legislation - CHRIS	6
Financial Administration Act	A
Budget Transparency & Accountability Act	B
Balanced Budget & Ministerial Accountability Act	C

BUDGET 2017 SPENDING DECISIONS, BACKGROUND, AND RELATED KEY ISSUES

February Budget 2017: Key Expenditure Categories

Total budgeted expenditures for the overall Government Reporting Entity¹ (GRE) will surpass the \$50 billion level for the first time in 2017/18, and are expected to grow by 1% in 2018/19 and a further 1.7% in 2019/20.² Table 1 breaks down the key categories of government spending. It is clear from the Table (Row #2) that about two-thirds of ministry spending is comprised of transfers to service delivery agencies, i.e., the “SUCH sector” (School Districts, Universities, Colleges, and Health Authorities) and to taxpayer supported crown agencies. Since these agencies also collect some of their own revenues (e.g., tuition fees), their actual spending is more than what is transferred to them by ministries.

Table 1 – February Budget 2017 Key Expenditure Categories (\$ millions)

Expenditure Category	2016/17 Update	2017/18 Budget	2018/19 Budget	2019/20 Budget
1. Total Ministry Budgets (Gross Operating \$)	36,100	36,648	37,323	37,936
2. Less: Operating Transfers to Service Delivery Agencies	(22,869)	(23,021)	(23,659)	(24,119)
3. Ministries and Office of the Premier (Net Operating \$)	13,231	13,627	13,664	13,817
4. Contingencies Vote	450	400	300	300
5. Management of Public Funds & Debt	1,148	1,181	1,169	1,162
6. Other Appropriations & Minor Adjustments**	3,909	4,261	4,123	4,187
7. Service Delivery Agencies*	30,344	30,724	31,446	32,106
8. Total Budgeted Expenditures (Operating only)	49,082	50,193	50,702	51,572

*Comprised of health authorities, school districts, post secondary sector & taxpayer supported crowns. Funding for capital funding transfers to Service Delivery Agencies is not included in this amount.

**Comprised of recoveries from external agencies, tax credit transfers, Legislative Assembly, & other minor appropriations.

February Budget 2017: Expenditure Tracks for Ministries

Table 2 shows Budget 2017’s projected 3-year track for ministry budgets (essentially a breakdown by ministry of Row #1 in Table 1), compared to updated expenditure estimates for the 2016/17 fiscal year as of the end of December 2016 (Q3). Ministry budgets (including transfers to Service Delivery agencies) represent about 75% of the total ~\$50 billion budget for the Government Reporting Entity. The remainder is comprised mainly of spending funded by own-source revenues by the Service Delivery Agencies; interest costs on public debt; the Contingencies Vote; and allocations for other areas such as tax credits, external recoveries, the Legislature, and Officers of the Legislature.

¹ The GRE is comprised of ministry and some other appropriations, as well as the budgets of school districts, the post-secondary sector, health authorities, and crown agencies.

² Spending on capital infrastructure and operating spending by commercial crowns is treated separately. Regarding the latter, operating spending by commercial crowns does not appear explicitly in the fiscal plan, but rather their net income is included in the Budget as revenue to the GRE.

Table 2 – February *Budget 2017* Ministry Budget Track (\$ millions)

Ministry	2016/17 Q3 Update	2017/18	2018/19	2019/20	Comments on Volatility of Spending Track and/or Key Adds to Ministry Budgets
Office of the Premier	9	9	9	9	No issues
Aboriginal Relations and Reconciliation	86	91	91	91	Lifts for FN Clean Energy Fund, FN Events, and Treaty Implementation costs
Advanced Education	1,981	2,066	2,062	2,080	Includes \$10M in 17/18 one-time funding for MITACS
Agriculture	82	85	86	86	Increases for Buy Local, Production Insurance
Children and Family Development	1,451	1,596	1,592	1,592	Increases for caseload, Chief Ed John report, mental health; \$20M one time for child care spaces in 17/18
Community, Sport, and Cultural Development	539	318	269	269	Significant stat spend in 16/17 for cost-shared infrastructure; 17/18 reflects Build Canada/CWWF
Education	5,617	5,923	5,969	5,970	Increases mainly for BCTF deal & enrolment growth
Energy and Mines	28	74	35	35	\$40M in one-time 17/18 funding for Clean Vehicle Rebates
Environment	151	171	160	158	\$10M in one-time 17/18 funding for Parks Foundation
Finance	1,171	374	607	613	Increases mainly for housing, including in 16/17
Forests, Lands, and Natural Resource Operations	887	703	696	698	\$10M in one-time 17/18 funding for Invasive Plants
Health	17,965	18,840	19,341	19,913	\$226M add across track for ESM wage costs
International Trade	50	54	55	55	Key adds are for new trade offices (Asia / U.S.)
Jobs, Tourism, and Skills Training	196	212	206	206	\$10M in one-time 17/18 for Island-Coastal Economic Trust; also \$4M-\$7M-\$7M for "Ctre for Data Innovation"
Justice	527	515	521	521	\$26M one-time 16/17 stat spend re: crown proceedings
Natural Gas Development	454	458	461	460	Minor adds for operating pressures
Public Safety and Solicitor General	684	742	741	741	Caseload pressures; also, funded only first year of fentanyl/OCC operating costs – address in B2018
Small Business and Red Tape Reduction	4	4	4	4	No issues
Social Development and Social Innovation	2,738	2,981	3,039	3,056	Majority of new funding for IA & CLBC caseloads, as well as \$50/mo. increase in Disability Assistance rate
Technology, Innovation, and Citizen's Services	492	564	505	505	\$40M & \$13.5M in one-time 17/18 funding for Rural Connectivity & BC Innovation Council Co-ops
Transportation and Infrastructure	988	868	874	874	Minor lifts for highways maintenance and BC Transit / BC Ferries services increases
Total Ministry Budgets	36,100	36,648	37,323	37,936	Total = same amounts in Row #1 of Table 1.
% Change		1.5%	1.8%	1.6%	

February *Budget 2017*: Individual Spending Decisions

Embedded in the ministry budget tracks in Table 2 are a large number of specific spending decisions made during the recent budget process. Table 3 itemizes those individual amounts that were added to ministry budgets in *Budget 2017*. Compared to the *Budget 2016* three-year fiscal plan, *Budget 2017* added approximately \$1.3 billion to ministries in 2017/18, \$1 billion in 2018/19, and \$1.1 billion in 2019/20. At least 2/3 of all these amounts would be classified as "Caseload/Contractual" pressures, i.e., are demand-driven or contractual in nature with little discretion as to whether or not to incur these expenditures. The key recipients of this funding are the Ministries of Health, Education, Children and Families, Social Development, and Justice.

Table 3 – Approved Spending Decisions for *Budget 2017* (\$ millions)

Ministry	Purpose or Specific Initiative	2017/18	2018/19	2019/20
AGRI	"Buy Local" program	2.2	2.2	2.2
ARR	Treaty and Other Agreements Funding Vote	(2.3)	(3.0)	(2.6)
ARR	First Citizens Fund Special Account	0.2	0.2	0.2
ARR	FN Clean Energy Fund Sp. Account	3.1	3.3	3.2
ARR	FN Events	0.8	0.8	0.8
ARR	Treaty Implementation Costs	1.0	1.0	1.0
ARR / MNGD / FLNRO	Environmental Stewardship Initiative administration (NGD, ARR, FLNR)	-	-	(2.4)
AVED	Operating costs for new Emily Carr campus	5.2	4.3	4.4
AVED	Migration of 20 PSIs to BCNET	2.5	2.5	2.5
AVED	Student Grant Pressures	1.7	-	-
AVED	Tech Strategy	14.4	7.0	24.9
AVED	Private Career Training Branch	0.1	0.2	0.2
CFD	Permanency Initiatives / Plecas	40.0	40.0	40.0
CFD	Caseload & Child Care Spaces for 17/18	69.0	49.0	49.0
CFD, HLTH, AVED	Youth Mental Health	26.8	26.8	26.8
CSCD	New Build Canada - Small Community Fund	10.0	-	-
CSCD	Clean Water Wastewater Fund	40.0	-	-
CSCD	Rail Property Tax Sharing	0.3	0.3	0.3
CSCD	Gaming Grants - Staffing	0.7	0.7	0.7
CSCD / TRAN	Base Lift for 3 Minor Grants	1.0	1.0	1.0
EDUC	Student Transportation Fund (Busing)	15.5	14.7	14.7
EDUC	Rural Education Enhancement Fund	2.5	2.6	2.6
EDUC	Caseload - Enrolment Growth	76.2	76.2	76.2
EDUC	BCTF Interim Settlement (January 2017)	128.8	107.3	107.3
EDUC	Teacher's Act Special Account	1.2	-	-
EDUC	Learning Improvement Fund	-	-	1.9
EDUC	School District Pressures	17.5	25.0	25.0
ENV	Omnibus Pressures	3.0	3.0	3.0
ENV	CAS DMO and GGIRCA & Cement Incentive Program	0.8	(1.2)	(3.0)
ENV	Parks Foundation (one-time)	10.0	-	-
ENV	BC Parks Futures Strategy & Campsite Expansion	8.7	8.9	8.9
FIN	Housing Affordability - Housing Special Account	88.2	316.9	323.1
FIN	Corporate Information and Records Management Office	2.5	2.5	2.5
FIN	Officers of the Legislature	37.8	1.3	0.9
FIN	Benefits Rate Chargeback	(8.2)	-	-
FIN	Financial Institutions Commission	1.4	1.4	1.4
FIN	Office of Supt. of Real Estate \$1000 Vote	0.001	0.001	0.001
FIN	PST Pilot Project	4.3	4.4	4.4
FIN (PSA)	LTD Fund Special Account	(0.7)	(0.7)	(0.7)
FIN (PSEC)	Municipal Pension Plan Rate Simplification	2.3	-	-

Table 3 (cont.) – Approved Spending Decisions for *Budget 2017*

Ministry	Purpose or Specific Initiative	2017/18	2018/19	2019/20
FIN (PSEC)	Economic Stability Mandate (AVED/EDUC)	22.5	-	-
FIN (PSEC)	2 nd Economic Stability Dividend (2015)	82.4	70.2	70.2
FLNR	Campsite Expansion	0.5	-	-
FLNR	Natural Resource Permitting Project	3.1	3.1	3.1
FLNR	BC Timber Sales Special Account	8.1	(1.3)	0.4
FLNR	Caribou Recovery Program	8.0	9.0	10.0
FLNR	Invasive Plants (one-time)	10.0	-	-
FLNR & MEM	Clean Energy Vehicles and Climate Planning	43.0	3.0	3.0
HLTH	Economic Stability Mandate & Waitlists	251.0	226.0	226.0
HLTH	Cancer Prevention Centre	6.0	-	-
HLTH	Canuck Place	-	5.0	5.0
HLTH	Addiction Spaces (one-time)	10.0	-	-
HLTH / PSSG	Fentanyl Overdose Response (out-years TBD)	10.0	-	-
JAG	Caseload – Courts, Surrey Courthouse & Justice Access Center, Guns/Gangs	6.8	7.1	7.2
JAG / PSSG	Okanagan Correctional Centre	2.9	-	-
JTST	Destination BC Funding Formula	0.5	0.5	0.5
JTST	Centre for Data Innovation	4.0	7.0	7.0
JTST	Island-Coastal Economic Trust (one-time)	10.0	-	-
Leg	Legislative Assembly	3.4	3.3	4.8
MEM	Mine Oversight (OAG Report)	5.8	6.5	6.5
MIT	ASEAN Offices	1.7	1.7	1.7
MIT	US Trade Offices	0.8	1.3	1.3
MTICS	Real Property Division Pressures	7.0	-	-
MTICS	Knowledge Network Corporation (KNC)	0.3	0.3	0.4
MTICS	Connecting BC Rural Internet (one-time)	40.0	-	-
MTICS	Tech Strategy	15.5	2.0	2.0
NGD-H	SRO Renewal P3 Initiative	-	1.0	0.7
PSSG	Caseload – Corrections, Legal Services, etc.	28.6	28.7	28.7
SDSI	New Initiatives	8.5	8.6	8.6
SDSI	Caseload – Temp/Disability Assist, CLBC, etc.	78.0	95.0	110.0
SDSI	Disability Assistance Rates (\$50/month)	64.3	66.5	68.6
TRAN	Highways Maintenance Contracts	4.0	4.0	4.0
TRAN	BC Transit and Coastal Ferries.	1.8	1.8	1.8
Less: Portion of FIN Special Account Lift that is not an Expense - Cash Transfer to BC Housing for Loans		(42.5)	(217.4)	(167.9)
Total Ministry budget decision fiscal impacts in <i>Budget 2017</i>		<u>1,304.2</u>	<u>1,031.4</u>	<u>1,123.7</u>

Contingencies

Once the Budget is in place and ministry appropriations are set, there are occasions where a ministry may be granted additional operating funding from the Contingencies Vote during the current fiscal year for either a new government priority or to fund a budget pressure. While this Vote is legally under the purview of the Minister of Finance, the convention has been for a ministry requesting Contingencies access to provide a Treasury Board (TB) submission, which then proceeds through the TB approval process. In February *Budget 2017*, the Contingencies budget is \$400 million for 2017/18, and \$300 million in each of 2018/19 and 2019/20. It is worth noting that even at the beginning of the fiscal year, the actual “room” in Contingencies is less than that budgeted

amount in the Vote due to approvals from previous years as well as ongoing “high probability pressures” that likely will require funding (although the final amounts may be uncertain) and are therefore tracked and updated by Treasury Board Staff on a regular basis.

Ministries are not to assume access to Contingencies unless specific written approval from the Chair of Treasury Board has been received. Ministries with approval for Contingencies funding are expected to make all efforts to manage costs within the ministry’s budget allocation to reduce the draw on Contingencies and are not to make commitments to any new initiatives for which they do not have the appropriation room. Further, all ministries with Contingencies funding approval are required to provide a forecast report each quarter to Treasury Board Staff identifying the ministry’s pressures, mitigation strategies (i.e., savings) and forecasted Contingencies draw.

Given that 2017/18 is an election year and the *Budget Transparency and Accountability Act* stipulates that a new Budget is to be introduced within 90 days of a new Cabinet being formed, the government has the opportunity to reduce pressures on Contingencies by adjusting certain ministry budgets upward to remove those pressures and/or to increase the amount in the Contingencies Vote. These strategies are of course linked to government’s broader objectives with respect to balanced budgets and debt targets.

Interim Supply

An interim *Supply Act* was passed by the Legislature in March 2017 authorizing six-twelfths of the total 2017/18 *Estimates* amounts (Statutory Appropriations are not limited) for 2017/18 operating spending and eight-twelfths for capital expenditures. Interim Supply appropriations are expected to be exhausted around September 30, 2017.

Depending on the timing of tabling a *Budget 2017* Update and the progress of the *Estimates* debate and passage of final Supply, it is likely a further interim Supply bill to last through the Fall would need to be passed.

For more on budget processes and supply issues see Tabs 3A and 3b.

Other Operating Funding Sources and Direction to Ministries

Supplementary Estimates

The two main sources of funding for ministries are their own voted appropriations and the Contingencies Vote, both authorized by the *Supply Act*. Historically, if government found itself with higher than forecasted revenues in the third quarter, Supplementary Estimates could be approved by the Legislature to provide for incremental spending authority beyond previously budgeted appropriations, however by statute this is no longer permitted. In 2009, when government again began to incur operating deficits, the *Budget Transparency and Accountability Act* (Sec. 8.1) was amended such that Supplementary Estimates are now prohibited if the government still has direct operating debt (as opposed to capital debt) forecasted to be on its books in that fiscal year. This has reduced government’s flexibility to make strategic operating expenditures during the year when there is an unanticipated improvement in its fiscal position. Rather, larger than anticipated surpluses have mainly been used to reduce the direct operating debt, which peaked at just over

\$10 billion in 2013/14, is less than \$4 billion in 2017/18, and is forecasted to fall to approximately \$1 billion by 2019/20 as per February *Budget 2017*.

Statutory Authorities

In addition to the *Supply Act* and in the absence of Supplementary Estimates, other statutes may provide the legal authority to make certain types of expenditures outside a ministry's voted appropriation. Common examples include statutory appropriations that authorize spending to fight wildfires or for emergency response during flood events. The impact of these expenditures during the current fiscal year must be managed through the forecast allowance or the government's surplus (unless government chooses to incur a deficit³), and Treasury Board Staff tracks these anticipated expenditures to ensure that the impact on the fiscal plan is known by the Minister of Finance and Treasury Board as soon as possible. Ministries are therefore required to work closely with Treasury Board Staff to ensure that any potential fiscal plan impacts are identified in a timely manner.

Because of the prohibition on Supplementary Estimates, some additional Statutory Authorities have recently been created and/or accessed of late to authorize non-emergency spending for specific, limited purposes without the need for a voted appropriation; they are:

- **Public Works Agreement Act:** This Act was created in 1947 and provides authority to spend from the Consolidated Revenue Fund by a minister who has been authorized by the Lieutenant Governor in Council (LGIC) to enter into an agreement with the Federal Government, or with the Federal Government and a local authority (limited by the Act's definition) for certain types of projects and types of expenditures. This statutory authority was used in 2016/17 to authorize \$328 million in provincial contributions toward federal/provincial/municipal cost shared infrastructure projects, including the Lion's Gate Wastewater Treatment plant in North Vancouver.
- **Emergency Program Act:** Until 2016, the statutory spending authority under the *Emergency Program Act* (EPA) was limited to expenditures necessary to implement an emergency plan in response to imminent threat of or on-going emergencies and disasters, and funds could only be transferred to "local authorities" which was generally interpreted to mean local governments. *Budget 2016* legislation expanded the statutory appropriation to allow for expenditures related to emergency management activities intended to prepare for, prevent, or mitigate the impact of future emergencies and disasters, and to also make "other persons and organizations" eligible for such funding. As result of this change, the 2015/16 third quarterly report projected increased EPA spending of \$65 million for emergency prevention and preparedness, in the form of transfers to both local governments and other non-government agencies. In 2016/17, an additional \$71.5 million in EPA spending was authorized for emergency preparedness, prevention and planning work across the province.
- **Wildfire Act:** Prior to 2016, statutory spending authority under the *Wildfire Act* was limited to direct fire control expenditures and did not cover expenditures for wildfire prevention,

³ As per the *Balanced Budget and Ministerial Accountability Act*, government may not forecast deficits, however it may still legally incur a deficit, even if a surplus was anticipated in the Budget.

mitigation, or rehabilitation activities. *Budget 2016* legislation expanded the existing statutory appropriation to allow for expenditures on these sorts of activities, which are intended to prevent or mitigate the impact of future wildfires. In 2015/16 and 2016/17, a total of \$235 million was transferred to the Forest Enhancement Society of BC, a non-government organization, for these purposes. Note that in early July 2017, the Auditor General has indicated that this Society should be contained within the Government Reporting Entity; this implies that future spending from this allocation would negatively impact the fiscal plan (i.e., reduce government's surplus budget balance.)

- ***Payments for Increased Compensation Obligations in a Fiscal Year:*** This provision was added to the *Financial Administration Act* (Sec. 26.2) as part of *Budget 2016* legislation. Compensation is essentially defined as remuneration paid to individuals by the government or a government organization. What this change allows for is statutory authority to pay increased compensation to such individuals during a fiscal year if either the existence or the amount of the liability for that year was not known when the Budget was presented to the Legislative Assembly. The Minister of Finance has oversight of the use of this statutory authority. Thus far, this provision has been accessed mainly to fund labour settlements, the Economic Stability Dividend, etc. that became liabilities after the Budget was prepared.

Special Accounts also have statutory authority to make expenditures above the Account's annual "expense amount" as per the *Estimates* document, up to a capped spending authority comprised of previous year's unspent funds. Legally, a Special Account is an account in the general fund of the Consolidated Revenue Fund where the authority to spend money on specific programming from the account is located in an Act other than the Supply Act. A ministry may have no Special Accounts under its purview, or may have one or more. Legislation specifies the dedicated revenue sources ("in-rules") and eligible expenditures ("out-rules") for each Special Account. Despite the statutory authority, ministries are directed to not exceed their Special Account's expenses above the total approved amount in the *Estimates* without prior Treasury Board approval because of the negative impact on the fiscal plan. A new Special Account that provides more spending flexibility than has traditionally been the case for these types of funding sources is the *Housing Priority Initiatives Special Account*.

- ***Housing Priority Initiatives Special Account:*** This Special Account was established by legislation in July 2016 and provides government with a strategic central funding vehicle for housing, rental, and shelter programs or initiatives. The controlling legislation allows for spending on a wide range of housing-related activities, including operating and grant expenditures; funding capital investments in land and housing/rental infrastructure; funding loans and loan guarantees in relation to housing or shelter projects. In-flows to this Special Account are expected to be primarily transfers of Property Transfer Tax revenue but could also include loan repayment, income from sales, leases or rentals of properties, or contributions from other governments, or other amounts received (e.g. donations). Oversight is the responsibility of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, but prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided. In 2016/17, \$798 million was spent from the Account on housing initiatives.

Expenditure Management

Ministry Expenditure Management

Ministries are expected to make all efforts to control administrative and discretionary costs in order to minimize budget pressures. Related expenditure management direction as described in the February *Budget 2017* letter to all ministries is as follows:

STOB⁴ 50 (Salaries):

- Deputy Ministers are to ensure an approval framework is in place that provides appropriate executive sign-off on ministry hiring and use of overtime to ensure that ministries remain within their overall budget targets.

STOB 57 (Travel):

- Deputy Minister pre-approval is required for all out-of-province travel.
- Ministries are not to pay for business class air travel. Any exceptions to this directive require prior approval by the Secretary to Treasury Board.
- Deputy Ministers are to have an approval framework in place to provide appropriate executive sign-off for all ministry travel within the province in order to minimize travel costs and restrict both discretionary travel and the number of staff travelling to a meeting.

STOB 67 (Informational Advertising):

- STOB 67 budget allocations are frozen. Ministries are not to make any STOB 67 expenditures or use STOB 67 funding for other purposes without prior approval of Treasury Board or the Chair of Treasury Board. Ministries must receive approval from the Deputy Minister of Government Communications and Public Engagement prior to making a STOB 67 request.

STOB 77 (Transfers-Grants):

- These are grants to agencies outside of government for general purposes and are often paid out “up front”, but to which performance stipulations can be assigned and the funding can be clawed back if the stipulations are not met.
- *Budget 2017* STOB 77 allocations are maximum amounts. Consistent with Cabinet’s January 25, 2012 direction, STOB 77 expenditures are to be made only for grants previously approved, in writing, by Treasury Board or the Chair of Treasury Board.

STOB 80 (Transfers-Shared Cost Arrangements):

- These are transfers to agencies outside of government where expectations for service delivery are delineated, and payments are generally made at various points throughout the fiscal year based on milestone performance.
- Expenditures from STOB 80 are to be no more than Budget 2017 amounts.
- Ministries can only enter into new STOB 80 funding commitments for ongoing base service delivery (renewal or replacement of existing agreements) on an annual basis and only when costs are fully managed within a ministry’s STOB 80 allocation. Ministries are not to enter into any multi-year agreements, although exemptions can be considered.

⁴ STOB refers to “Standard Object of Expenditure.”

Commercial Crown Corporations, Taxpayer-supported Service Delivery Agencies and SUCH Sector Organizations - Fiscal Target Management

Ministries are responsible for overseeing the financial position and operating results of commercial Crown corporations, Service Delivery Agencies (comprised of SUCH sector organizations, i.e., - school districts, universities, colleges and health authorities, as well as taxpayer-supported crown agencies) that fall under their ministers' legislated responsibilities. Commercial Crown corporations are expected to meet or exceed their net income projections as identified in their three-year service plans as tabled under *Budget 2017*.

Similarly, Service Delivery Agencies are required to meet or exceed their financial targets as identified in their three-year service plans, unless prior Treasury Board approval is provided. Additionally, these agencies may not normally budget for a deficit in any year of the three-year fiscal plan. Under extenuating circumstances, ministries may seek an exception from this direction from the Chair of Treasury Board.

Spending on Salary/Benefit Compensation

The 2014 *Economic Stability Mandate* (ESM) and the Pending 2018/19 Mandate

There are 310,000 public sector employees covered by 182 collective agreements under the ESM. Over 99% of the included individuals have now settled contracts. The ESM set out a 5.5% total wage increase over a five year period beginning in 2014/15, along with maximum mandate envelope amounts for the entire "Broader Public Sector," as shown below.

Table 4 – *Economic Stability Mandate*: Estimated vs. Actual Costs (\$ millions)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
% Wage increase as per Mandate	0%	1%	1.5%	1.5%	1.5%	0%
Original Estimated 2014 ESM Costs*	0	\$123	\$236	\$448	\$666	\$788
Amounts added to Ministries/Contingencies*	0	\$126	\$240	\$454	\$675	TBD

*Costs are compared to 2014/15 baseline wage costs and are not additive. Note that every 1% wage increase across the Broader Public Sector equates to about \$250 million/yr. of costs (includes management excluded).

There are four key points to note about ESM wage costs/pressures as it relates to the current three-year fiscal planning period (2017/18-2018/19):

1. While there is no % wage increase under the ESM for 2019/20, there is still an incremental cost due to the "staggering" of the 1.5% increase in 2018/19. Simply put, most of that increase does not come into effect until the final quarter of 2018/19, so the full annualized impact of the 2018/19's 1.5% does not occur until 2019/20.

s.12,s.13

4. While 2019/20 is outside of the ESM contract period, it will be the first year of a new wage mandate and hence there are likely to be incremental wage pressures once that mandate is set by government. Work on that is now beginning and is being led by the Public Sector Employers' Council Secretariat.

The ESM also provides for the potential for four additional general wage increases based on the performance of the British Columbia economy, termed the "Economic Stability Dividend" (ESD). All collective agreements negotiated so far contain these opportunities. The ESD was paid in both *Budget 2016* (based on 2014 BC real GDP exceeding forecasted growth by the Economic Forecast Council) and *Budget 2017* (due to 2015 BC GDP growth exceeding the EFC forecast), with a budget impact of ~\$85 million/yr. and ~\$70 million/yr. respectively, across the public sector.^{s.12}

s.12

Public Sector Excluded Compensation

The B.C. public sector covers about 120 employers in the core provincial public service, Crown corporations, and the SUCH sector (K-12 school districts, post-secondary institutions and research universities, and health authorities). There are more than 384,000 employees, of which approximately 73,000 are non-union, excluded and executive employees who were covered by a compensation freeze since 2012. The freeze played a role in achieving the Province's balanced budget goal by effectively controlling management compensation costs.

Subsequently, the 2014 BC Public Sector Compensation Review recommended that the public sector would benefit from a common compensation philosophy for excluded members. In mid-2015, the Province implemented this standardized approach for employers making compensation decisions based on performance and influences sustainable compensation levels across the entire provincial public sector - and ultimately, is intended to reduce salary disparities between employers over time. Recognizing that 99.9% of the public sector's unionized employees had settled agreements with modest wage increases under the *Economic Stability Mandate*, the Province provided employers with modest flexibility of up to 2% per excluded employee each calendar year within existing salary ranges to address the pressures connected to the compensation freeze including compression, inversion and retention of high-performing employees. Though not a general wage increase, these adjustments are considered on a case-by-case and if approved by the Public Sector Employers' Council Secretariat, they must be funded within existing budgets and must not affect other efficiency targets.

-END-

REVENUE OVERVIEW

Government revenue consists of:

- Consolidated Revenue Fund (CRF) revenue (ministry responsibility);
- vote recoveries collected by ministries in support of program spending; gross-ups associated with investment earnings and debt servicing costs under the Fiscal Agency Loan program; and expenses for commissions and doubtful accounts on the collection of revenues.
- revenue collected by schools, universities, colleges and health authorities and societies (SUCH sector);
- revenue collected by taxpayer supported Crown corporations and agencies; and
- net income of commercial Crown corporations (gross income less expenditures).

Revenue is recorded consistent with generally accepted accounting principles (GAAP), based on interpretation of the Office of the Comptroller General (OCG).

In *Budget 2017*, total revenue is forecast at \$50.8 billion, essentially flat compared to the revised 2016/17 estimate. Over the next 2 years, revenue growth averages 1.2 per cent annually. In the absence of policy measures, provincial revenue generally rises over time in response to increasing economic activity (e.g. wages and salaries, employment, corporate profits, consumer spending, population and prices). However, the 2017/18 revenue forecast incorporates the annual decline in 4 major revenue sources that offset these effects.

Revenue Forecast (\$M)	Actual 2015/16	Budget 2017 ¹ Forecast		Annual change in 2017/18	
		2016/17	2017/18	\$ million	percent
Personal income tax	8,380	9,598	9,170	(428)	-4.5%
Property transfer tax	1,533	2,025	1,542	(483)	-23.9%
Medical Service Plan premiums	2,434	2,529	2,322	(207)	-8.2%
Bonus bids and rents from drilling licences and leases	765	623	353	(270)	-43.3%
Subtotal	13,112	14,775	13,387	(1,388)	-9.4%
All other sources	34,494	36,115	37,451	1,336	3.7%
Total Revenue Forecast	47,606	50,890	50,838	(52)	-0.1%

¹ Tabled February 21, 2017

Personal income tax (PIT) revenue

The 4.5 per cent annual decline (\$428M) in PIT revenue is due to a one-time \$815 million prior-year adjustment (pya) included in the 2016/17 projection. This adjustment represents the under-accrual in the 2015/16 *Public Accounts* (PA) figure. The higher 2015 entitlement compared to the assumption underlying the 2015/16 PA amount reflects CRA assessments of the 2015 individual income tax returns that were only available after the books were closed for the 2015/16 fiscal year. The impacts of higher 2015 PIT entitlement has a base carry-forward

effect (beginning in 2016/17) and a one-time pya adjustment effect in 2016/17. The one-time effect results from not restating the 2015/16 amount recorded in government’s books. This results in an extraordinarily high annual growth in 2016/17 of 14.5 per cent. A pya adjustment occurs every year but it is significantly higher than normal for 2016/17. Table 1.3 (page 10) of the *Budget 2017* document shows that base PIT revenue (excluding the pya) is projected to increase 4.2 per cent in 2017/18. – in line with expected growth in personal income.

Property transfer tax (PTT) revenue

2016/17 PTT revenue is forecast at \$2,025 million, up 32.1 per cent from the previous year and in 2017/18, PTT revenue is projected to decline 23.9 per cent (\$483M). It is assumed that the very strong housing market activity that occurred in 2016/17 will not continue at the same pace and that market activity and revenue will return to 2015/16 levels.

Medical Service Plan (MSP) premium revenue

In 2017/18, MSP premium revenue is forecast to decline 8.2 per cent (\$207M) due to the policy initiative to reduce premiums, effective January 1, 2018.

Revenue from bonus bids and rents from drilling licences and leases

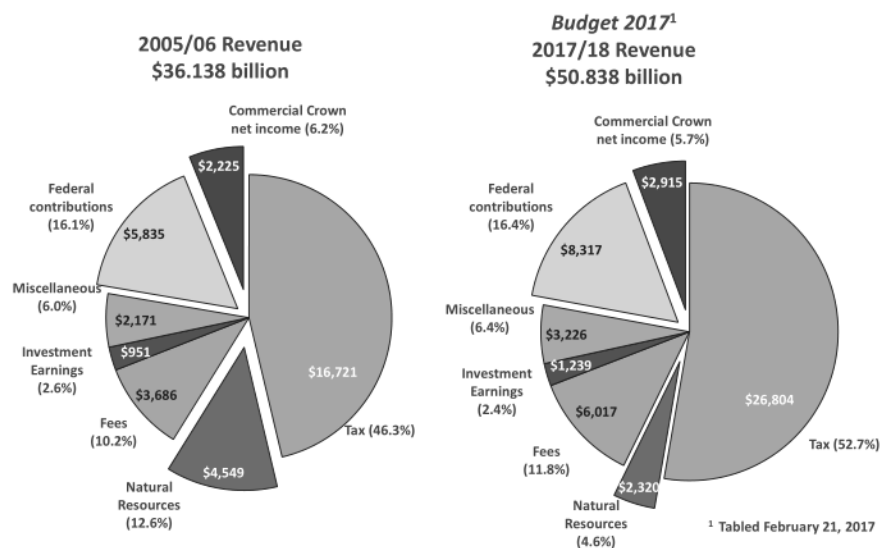
Cash receipts from bonus bids are from the closed monthly auctions for drilling rights on Crown land. The revenues from these cash sales are deferred over 9 years based on a recommendation from the Office of Auditor General. This is intended to represent the length of time that a lease is actively held. The amount of deferred revenue is forecast to decline in 2017/18 as the very strong cash sale in 2008/09 (\$2.4 billion – resulting in revenue recognition of \$269M per year for 9 years) has been fully recognized as revenue by 2016/17.

Revenues are typically shown by “revenue block”:

- taxation;
- natural resource;
- other (fees, investment earnings, miscellaneous sources including asset sales);
- federal government contributions; and
- net income of commercial Crown corporations.

With the exception of natural resources, revenues of the major blocks have increased significantly since 2005/06. In 2005/06, natural gas royalties totaled \$1.9 billion, compared to \$237 million forecast in 2017/18.

Components of Revenue



In 2017/18, taxation revenue of \$26.8 billion is expected to account for almost 53 per cent of total revenue – personal and corporate income and sales tax revenues account for over 38 per cent. Corporate income tax revenue includes the impact of reducing the small business corporate income tax rate to 2.0 per cent from 2.5 per cent, effective April 1, 2017. Carbon tax revenue at \$1.2 billion is offset by tax cuts in other tax sources or through refundable tax credits (expensed under GAAP).

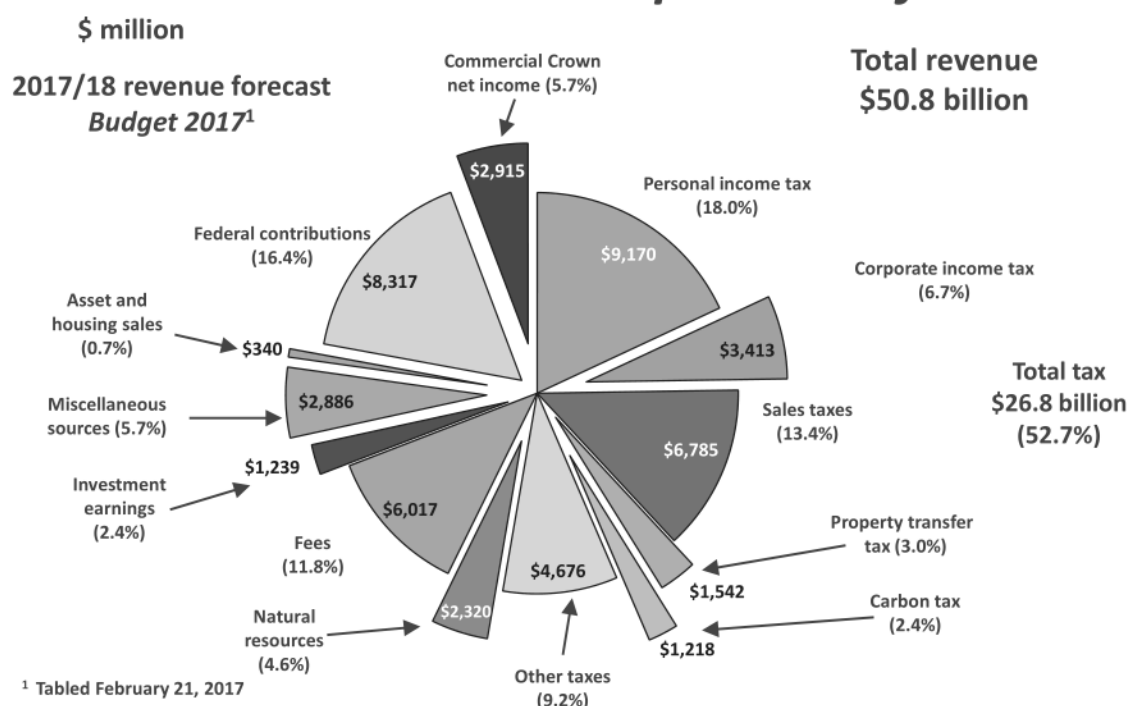
Natural resource revenues in 2017/18 are expected to total about \$2.3 billion, less than 5 per cent of total revenues – down significantly from previous years in the mid 2000's.

Other revenue consisting of fees, licenses, investment earnings, miscellaneous revenue and asset sales is expected to total \$10.5 billion or about 21 per cent of total revenue in 2017/18. As previously indicated, the revenue forecast for MSP revenue includes the quarter-year impact of reducing premiums effective January 1, 2018.

Federal government contributions forecast at \$8.3 billion represent about 16 per cent of total revenue. The Canada Health Transfer and the Canada Social Transfer entitlements represent about 80 per cent of total federal government transfers.

Net income of commercial Crown corporations is forecast at \$2.9 billion, representing about 6 per cent of total revenue. The major commercial Crown corporations are BC Hydro, Liquor Distribution Branch, BC Lottery Corporation, Insurance Corporation of British Columbia, and Transportation Investment Corporation.

2017/18 Budget¹ **Components of Revenue**

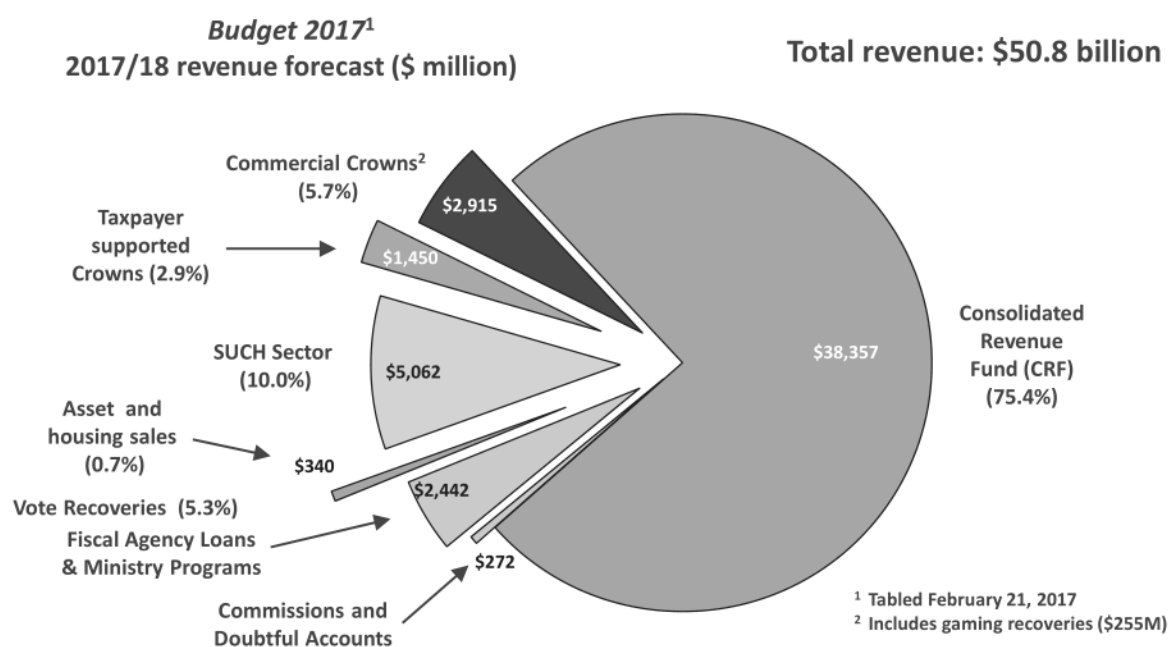


The revenue forecast is consolidated by Treasury Board Staff (TBS), based on forecasts provided by ministries, taxpayer supported agencies and commercial Crown corporations.

- TBS is responsible for estimating the tax revenues and major federal government transfers (Canada Health Transfer, Canada Social Transfer). Estimates of new tax revenues or changes to tax rates or credits are estimated by Tax Policy Branch in conjunction with TBS.
- Ministries are responsible for estimating CRF revenue sources and vote recoveries for which they are responsible – for example, this would include almost all natural resource revenues.
- Commercial and taxpayer supported Crown corporations and agencies are responsible for estimating their own source revenues and expenses and are submitted to TBS following approvals from their respective boards.
- The SUCH sector forecasts are submitted through the respective responsible ministry (Health; Education; and Advanced Education, Innovation and Technology) and projections of each individual school district, post-secondary institution and health authority are signed off by the respective boards.

The following chart and table depict the 2017/18 revenue forecast breakdown by organization – CRF; vote recoveries; SUCH sector; taxpayer supported crowns and agencies; and net income of commercial Crown corporations. The \$340-million housing and asset sale forecast is shown separately.

2017/18 Budget¹ Revenue by Organization



Ministries through the CRF and vote recoveries account for over 80 per cent of total revenue. The SUCH sector accounts for approximately 10 per cent of total revenue and Crown corporations and agencies are also responsible for about 9 per cent. Revenue from the sale of surplus asset and housing properties and assets represent less than 1 per cent of total revenue.

The majority of the revenue from taxation and natural resources is TBS/ministry responsibility (CRF and vote recoveries). Taxpayer supported Crowns and agencies have some dedicated tax revenues such as sales tax for the BC Transportation Financing Authority (BCTFA), fuel tax for BCTFA and BC Transit as well as property taxing authority (BC Assessment Authority and BC Transit). TBS prepares the fuel tax forecasts for BCTFA and BC Transit.

Budget 2017¹ - 2017/18 Revenue by source and organization (\$M)

	Consolidated Revenue Fund	Vote Recoveries	SUCH	Taxpayer Supported Crowns	Commercial Crown Corporations	
Taxation	26,072	79	-	653	-	26,804
Natural Resources	2,169	102	-	49	-	2,320
Fees	3,037	343	2,521	116	-	6,017
Investment Earnings	27	1,010	177	25	-	1,239
Miscellaneous	229	576	1,771	310	-	2,886
Federal Contributions	6,823	604	593	297	-	8,317
Subtotal	38,357	2,714	5,062	1,450	-	47,583
Asset and Housing Sales	255	-	19	66	-	340
Commercial Crown Corporations	-	255	-	-	2,660	2,915
TOTAL	38,612	2,969	5,081	1,516	2,660	50,838

¹ Tabled February 21, 2017

Vote recoveries and commissions and doubtful accounts do not affect the “bottom line” surplus as there are offsetting revenues and expenses. Over one-third of the recoveries represent investment earnings and debt interest costs associated with the Fiscal Agency Loan program (\$1,010 million).

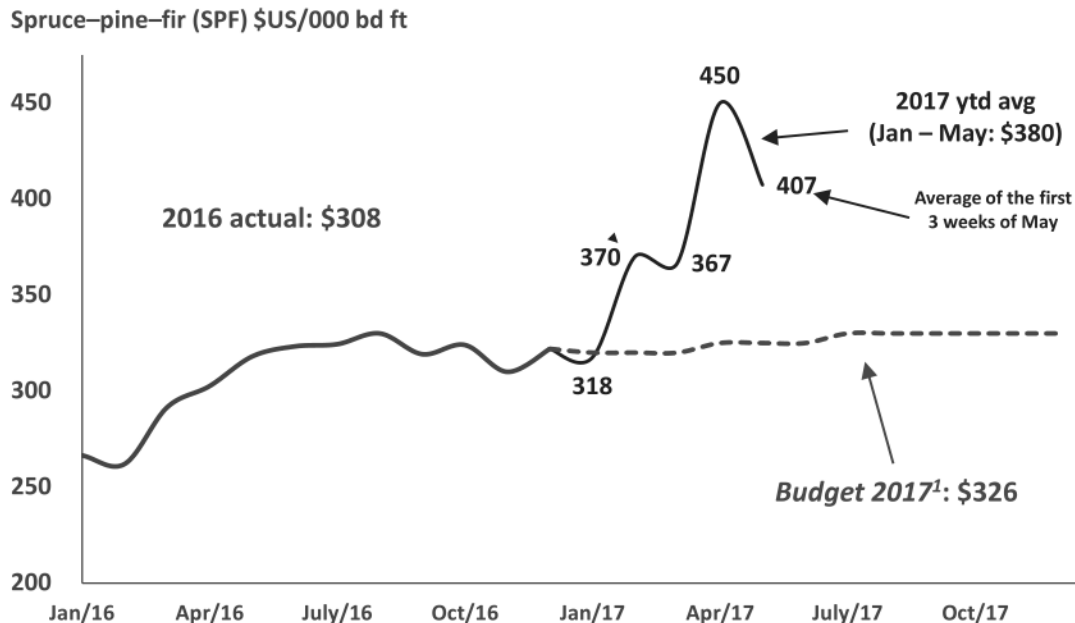
Most of the SUCH sector revenue is recorded as “Other Revenue” which includes fees, licences, investment earnings and other miscellaneous sources. The post-secondary institutions (universities and colleges) account for more than 70 per cent of the total SUCH sector revenue. Post-secondary fees account for over one-third of total SUCH sector revenue.

Lumber Price Trends

Spruce-Pine-Fir (SPF) 2X4 lumber prices have been very strong this year and have risen significantly since December 2016, especially in April, whereas the *Budget 2017* outlook assumed prices would remain relatively flat over the year. Prices rose to \$480 (\$US per thousand board feet) on April 8 and have since trended down. Historically, prices do not remain very long at above \$400 or below \$200.

Average prices remain strong (May 19 at \$392) and have averaged \$380 over the first 5 months of the year (January to May, 2017). This compares to the *Budget 2017* forecast of \$326 for the 2017 calendar year. Normally, higher than expected prices would likely result in increased stumpage revenue and combined with a low Canadian dollar, would also mean a healthier and more profitable forest sector.

Spruce-Pine-Fir 2X4 Lumber Prices



¹ Tabled February 21, 2017

However, the imposition of countervailing duties on Canadian softwood exports to the US will have negative impacts on BC's forestry industry:

- smaller companies may suffer from lower cash flows in order to meet deposit requirements; and
- duties could accelerate mill closures or curtailments beyond the expected industry rationalization due to a decline in timber supply from the mountain pine beetle infestation.

Companies will be required to pay cash deposits on their exports to the US until the end of August 2017, and no further deposits will be required until the final determination order is issued in January 2018. Any assistance programs must be trade-compliant, otherwise they could result in additional duties for all exporters. ^{s.12}

s.12

BUDGET 2017 - CAPITAL PLAN OVERVIEW

- Budget 2017 includes capital spending totaling \$24.5 billion over the three year fiscal plan period (2017/18-2019/20), of which \$13.7 billion is for taxpayer supported capital investments.
- The focus of the capital plan was to address key capital priorities/risks and remain within the affordability framework as measured by the debt metrics.
- Budget 2017 forecasts British Columbia's taxpayer supported debt-to-GDP ratio to remain flat at around 16% over the fiscal plan period. Taxpayer supported debt-to-revenue remains within government's affordability framework (below 95%).
- New priority capital projects with a capital cost of over \$50 million are publicly reported, as required by the *Budget Transparency and Accountability Act*, once government has approved the project's specific scope, budget and timing.

Budget 2017 – Capital Spending by Sector

Over the next three years taxpayer supported capital spending will total \$13.7 billion and includes the completion of existing approved projects along with new investments to expand and sustain provincial infrastructure including schools, universities, hospitals, and roads. See Appendix A for a summary of the major capital ministry's current ten year capital plans and Appendix B for a list of major capital projects over \$50 million.

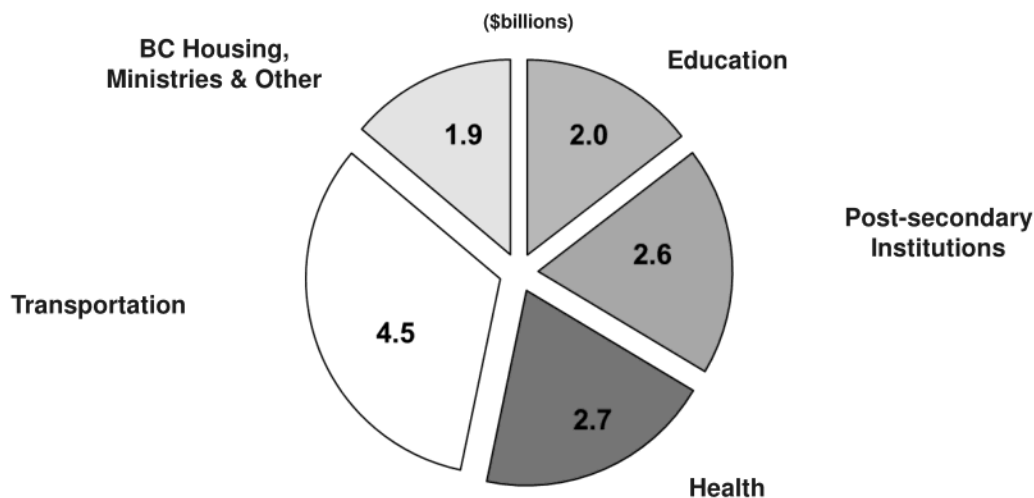
Taxpayer supported capital spending for the next three years includes:

- \$4.5 billion in transportation infrastructure, including:
 - Highway 91 Alex Fraser Bridge Capacity Improvements (\$70M)
 - Highway 97 – six laning from Highway 33 to Edwards Road in Kelowna (\$60M)
- \$2.7 billion to support new construction and upgrading of health facilities and equipment:
 - Royal Inland Hospital Patient Care Tower (\$417M)
 - Penticton Regional Hospital Patient Care Tower (\$312M)
 - Centre for Mental Health and Addictions (\$101M)
- \$2.6 billion by post-secondary institutions for building replacements, expansions and renewals:
 - Includes projects supported by the Federal Government's Post-Secondary Institutions Strategic Investment Fund. This targeted, short-term funding program will help universities and colleges develop highly skilled workers and collaborate on innovations.

- Simon Fraser University (Surrey Campus) – Energy Systems Engineering Building (\$126M)
- \$2.0 billion to maintain, replace, renovate or expand K-12 facilities, including:
 - Up to 5,200 new student spaces in Surrey to address substantial enrolment growth in this area (\$217M)
 - New Grandview Heights Secondary School (\$61M)
- \$1.9 billion for government ministry, BC Housing and other taxpayer supported crown capital spending:
 - New Abbotsford Courthouse (\$157M)
 - Maples Adolescent Treatment and Provincial Assessment Centres (\$75M)
 - Capital contingencies (\$202M)

Infrastructure spending allocations

Three-year taxpayer-supported infrastructure spending totals \$13.7 billion

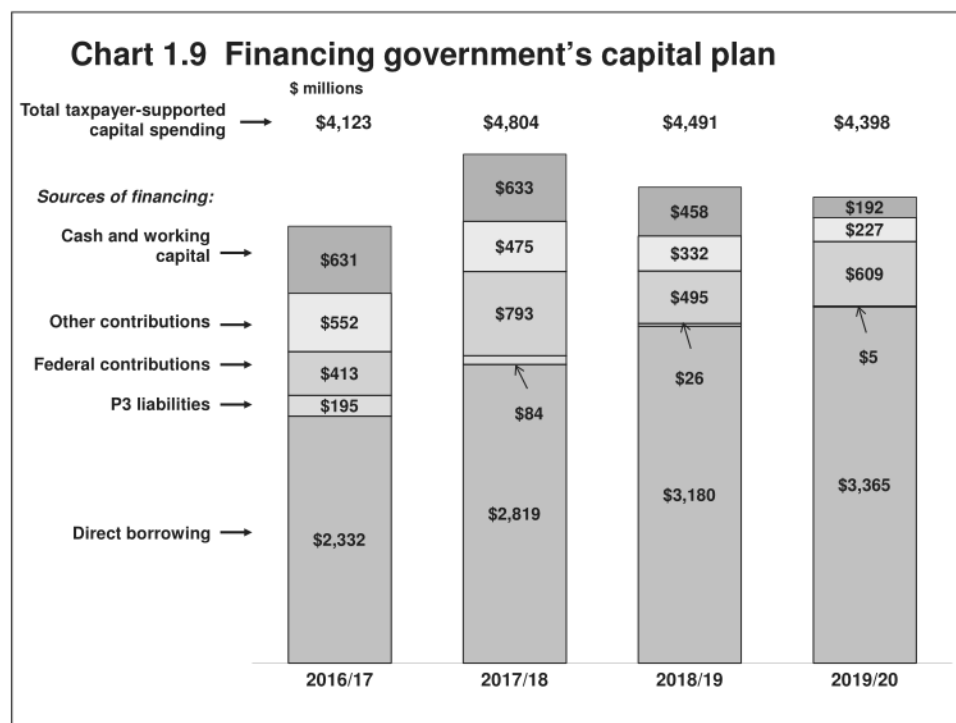


Self-supported capital spending is expected to total \$10.8 billion over the next three years, this includes:

- \$7.9 billion for power projects including electrical generation, transmission and distribution projects to meet growing demand and enhance reliability. This includes spending on the Site C Clean Energy Project over the next three years.
- \$2.4 billion in spending by the Transportation Investment Corporation for the George Massey Tunnel Replacement Project, and routine rehabilitation on the Port Mann Bridge and Highway 1.
- \$548 million in spending by other Crown corporations including BC Lottery Corporation, ICBC and the Liquor Distribution Branch.

Financing Capital Projects

- Provincial capital spending is financed through a combination of sources:
 - Cash balances within the agencies;
 - Partnerships with the private sector (public-private partnerships);
 - Cost sharing with partners (e.g. federal government, regional hospital districts); and
 - Direct borrowing by government or the agency acquiring the asset.
- The majority of the capital plan is funded through borrowing/debt. As such, an expansion of Government's capital program results in more debt and impacts the debt/GDP and debt/revenue ratios.
- Approximately 69% of total taxpayer-supported capital spending is financed by government/agency borrowing and P3s, with the remaining 31% financed from other sources.
- Total debt levels, the taxpayer-supported debt-to-GDP and the taxpayer-supported debt-to-revenue ratios affect the Province's credit rating (currently at the highest level of AAA).
- Given the impact on debt, capital spending is considered in the context of an affordability framework consisting of the levels and trend of the debt metrics.
- Operating results and the economic outlook also impact the debt metrics, so capital spending is indirectly impacted by operating results.
- To the extent higher capital spending negatively impacts debt levels and debt metric targets, a credit rating downgrade could occur; resulting in additional interest costs to the Province.



Page 042 to/à Page 046

Withheld pursuant to/removed as

s.12

APPENDIX B Table 1.18 Capital Expenditure Projects Greater Than \$50 million ¹

Note: Information in bold type denotes changes from the 2016/17 second *Quarterly Report* released on November 29, 2016.

(\$ millions)	Year of Completion	Project	Estimated	Anticipated	Project Financing			
		Cost to Dec 31, 2016	Cost to Complete	Total Cost	Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'n's
Taxpayer-supported								
School districts								
Oak Bay Secondary ²	2015	50	2	52	50	-	-	2
Centennial Secondary	2017	45	16	61	61	-	-	-
Kitsilano Secondary	2017	47	18	65	61	-	-	4
Salish Secondary	2017	27	28	55	45	-	-	10
Grandview Heights Secondary	2020	1	60	61	47	-	-	14
New Westminster Secondary	2020	-	107	107	107	-	-	-
Willoughby Slope Secondary	2019	-	55	55	35	-	-	20
Seismic mitigation program	2030	<u>143</u>	<u>1,157</u>	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total school districts		313	1,443	1,756	1,706	-	-	50
Post-secondary institutions								
Emily Carr University of Art and Design – Campus redevelopment at Great Northern Way								
– Direct procurement	2017	9	10	19	15	-	-	4
– P3 contract	2017	82	22	104	27	60	-	17
University of British Columbia – Undergraduate Life Science Teaching Laboratories Redevelopment	2018	12	68	80	12	-	32	36
Simon Fraser University – Energy Systems Engineering Building ³	2019	<u>5</u>	<u>121</u>	<u>126</u>	<u>45</u>	<u>-</u>	<u>45</u>	<u>36</u>
Total post secondary institutions		108	221	329	99	60	77	93
Health facilities								
Lions Gate Hospital (Mental Health) Redevelopment ²	2014	47	15	62	38	-	-	24
Lakes District Hospital ²	2015	51	4	55	46	-	-	9
Queen Charlotte/Haida Gwaii Hospital ²	2016	44	6	50	31	-	-	19
Surrey Emergency/Critical Care Tower								
– Direct procurement	2018	148	46	194	174	-	-	20
– P3 contract	2014	318	-	318	139	179	-	-
Royal Inland Hospital Clinical Services								
Building ²	2016	53	27	80	47	-	-	33
Royal Inland Hospital Patient Care Tower	2024	-	417	417	202	-	-	215
Vancouver General Hospital - Jim Pattison								
Pavilion Operating Rooms	2021	-	102	102	35	-	-	67
North Island Hospitals								
– Direct procurement	2017	36	90	126	73	-	-	53
– P3 contract	2017	441	39	480	60	232	-	188
Interior Heart and Surgical Centre								
– Direct procurement	2018	140	108	248	213	-	-	35
– P3 contract	2015	133	-	133	4	79	-	50
Vancouver General Hospital – Joseph and Rosalie Segal Family Health Centre	2017	51	31	82	57	-	-	25
Children's and Women's Hospital								
– Direct procurement	2019	111	198	309	177	-	-	132
– P3 contract	2017	310	59	369	168	187	-	14
Penticton Regional Hospital – Patient Care Tower								
– Direct procurement	2021	4	76	80	22	-	-	58
– P3 contract	2019	39	193	232	-	139	-	93
Royal Columbian Hospital	2019	7	252	259	250	-	-	9
Centre for Mental Health and Addictions	2019	1	100	101	101	-	-	-
Clinical and systems transformation	2023	180	300	480	480	-	-	-
iHealth Project – Vancouver Island Health Authority	2017	<u>69</u>	<u>31</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total health facilities		2,183	2,094	4,277	2,317	816	-	1,144



Table 1.18 Capital Expenditure Projects Greater Than \$50 million ¹ (continued)
Note: Information in bold type denotes changes from the 2016/17 second *Quarterly Report* released on November 29, 2016.

(\$ millions)	Year of Completion	Project Cost to Dec 31, 2016	Estimated Cost to Complete	Anticipated Total Cost	Project Financing			
					Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'ns
Transportation								
Evergreen Line Rapid Transit ²								
– Direct procurement	2016	425	6	431	216	-	74	141
– P3 contract	2016	922	-	922	-	292	350	280
Highway 97 widening from Highway 33 to Edwards Road	2017	34	26	60	42	-	18	-
Highway 1 widening and 216th Street Interchange	2019	6	53	59	23	-	22	14
Highway 91 Alex Fraser Bridge Capacity Improvements					36	-	34	-
Highway 1 – Admirals Road/McKenzie Avenue Interchange	2019	19	66	85	52	-	33	-
Highway 99 10-Mile Slide	2018	2	58	60	60	-	-	-
Highway 1 Lower Lynn Corridor Improvements					77	-	66	55
Salmon Arm West	2022	19	144	163	115	-	48	-
Highway 1 Kicking Horse Canyon Phase 4	2024	11	439	450	235	-	215	-
Total transportation		1,454	1,044	2,498	856	292	860	490
Other taxpayer-supported								
Single Room Occupancy Hotel renewal initiative								
– Direct procurement	2017	26	2	28	26	-	2	-
– P3 contract	2017	119	-	119	1	91	27	-
Okanagan Correctional Centre ²								
– Direct procurement	2016	91	3	94	94	-	-	-
– P3 contract	2016	119	4	123	2	121	-	-
Abbotsford courthouse	2020	1	156	157	151	-	-	6
Natural Resource Permitting Project ⁴	2018	49	29	78	78	-	-	-
Maples Adolescent Treatment Centre and Provincial Assessment Centre	2019	5	70	75	75	-	-	-
Total other		410	264	674	427	212	29	6
Total taxpayer-supported		4,468	5,065	9,533	5,404	1,380	966	1,783
Self-supported								
Transportation								
Port Mann Bridge / Highway 1 ²	2017	3,302	17	3,319	3,319	-	-	-
George Massey Tunnel Replacement ⁵	2024	16	3,484	3,500	3,500	-	-	-
Total transportation		3,318	3,501	6,819	6,819	-	-	-



Table 1.18 Capital Expenditure Projects Greater Than \$50 million ¹ (continued)**Note: Information in bold type denotes changes from the 2016/17 second Quarterly Report released on November 29, 2016.**

					Project Financing			
	Year of Completion	Project Cost to Dec 31, 2016	Estimated Cost to Complete	Anticipated Total Cost	Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'n's
(\$ millions)								
Power generation and transmission								
BC Hydro								
– Mica SF ₆ gas insulated switchgear replacement ²	2014	186	5	191	191	-	-	-
– Northwest transmission line ²	2014	694	10	704	317	-	130	257
– Iskut extension project ²	2014	168	1	169	110	-	-	59
– Merritt area transmission ²	2015	58	2	60	60	-	-	-
– Smart metering and infrastructure program ² ..	2015	779	1	780	780	-	-	-
– Interior to Lower Mainland Transmission Line ² ..	2015	714	29	743	743	-	-	-
– G.M. Shrum units 1 to 5 turbine replacement ² ..	2015	175	10	185	185	-	-	-
– Hugh Keenleyside spillway gate reliability upgrade ²	2015	111	4	115	115	-	-	-
– Upper Columbia capacity additions at Mica units 5 and 6 project ²	2015	586	19	605	605	-	-	-
– Long Beach area reinforcement ²	2015	37	1	38	38	-	-	-
– Dawson Creek/Chetwynd area transmission ² ..	2015	287	9	296	296	-	-	-
– Surrey area substation project ²	2016	79	15	94	94	-	-	-
– Big Bend substation	2017	61	11	72	72	-	-	-
– Ruskin Dam safety and powerhouse upgrade ..	2017	506	242	748	748	-	-	-
– Horne Payne substation upgrade project	2018	17	76	93	93	-	-	-
– John Hart generating station replacement	2019	615	478	1,093	1,093	-	-	-
– Cheakamus unit 1 and 2 generator replacement	2019	13	61	74	74	-	-	-
– Fort St. John and Taylor Electric Supply	2019	-	53	53	53	-	-	-
– W.A.C. Bennett Dam riprap upgrade project	2019	33	137	170	170	-	-	-
– South Fraser Transmission								
Relocation project	2019	5	71	76	76	-	-	-
– G.M. Shrum Units G1-G10 control system upgrade ⁶	2021	12	48	60	60	-	-	-
– Site C clean energy project	2024	1,453	7,322	8,775	8,775	-	-	-
Columbia River power projects								
– Waneta Dam power expansion ^{2, 7}	2018	329	16	345	345	-	-	-
Total power generation and transmission		6,918	8,621	15,539	15,093	-	130	316
Other self-supported								
Insurance Corporation of British Columbia								
– Business transformation program	2016	301	-	301	301	-	-	-
Liquor Distribution Branch Warehouse	2019	-	57	57	57	-	-	-
Total other		301	57	358	358	-	-	-
Total self-supported		10,537	12,179	22,716	22,270	-	130	316
Total \$50 million projects		15,005	17,244	32,249	27,674	1,380	1,096	2,099

¹ Only projects that receive provincial funding and have been approved by Treasury Board and/or Crown corporation boards are included in this table. Ministry service plans may highlight projects that still require final approval. Capital costs reflect current government accounting policy.

² Assets have been put into service and only trailing costs remain.

³ Simon Fraser University and private donors will contribute \$26 million toward the project, and the university is also contributing land valued at \$10 million.

⁴ Reflects approved capital costs to date, subject to change if future scope components are approved by government.

⁵ Figures shown are based on preliminary Treasury Board approvals and reflect the capital project budget only, planning costs of \$44 million have been expensed as per accounting policy. These amounts will change after P3 contracts are finalized.

⁶ The G.M. Shrum Units G1-G10 control system upgrade project has three phases. The total authorized capital amount of \$60M represents partial implementation funding as at December 31, 2016 for phases I and II and definition funding for phase III.

⁷ Reflects the combined shares of Columbia Power Corporation (32.5 per cent) and Columbia Basin Trust (16.5 per cent) in their partnership with Fortis Inc. for the development of an electricity generating facility at the Waneta Dam south of Trail.

Table 1.18 Capital Expenditure Projects Greater Than \$50 million ¹

Note: Information in bold type denotes changes from the 2016/17 second *Quarterly Report* released on November 29, 2016.

(\$ millions)	Year of Completion	Project	Estimated	Anticipated	Project Financing			
		Cost to Dec 31, 2016	Cost to Complete	Total Cost	Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'n's
Taxpayer-supported								
School districts								
Oak Bay Secondary ²	2015	50	2	52	50	-	-	2
Centennial Secondary	2016	45	16	61	61	-	-	-
Kitsilano Secondary	2017	47	18	65	61	-	-	4
Salish Secondary	2017	27	28	55	45	-	-	10
Grandview Heights Secondary	2020	1	60	61	47	-	-	14
New Westminster Secondary	2020	-	107	107	107	-	-	-
Willoughby Slope Secondary	2019	-	55	55	35	-	-	20
Seismic mitigation program	2030	143	1,157	1,300	1,300	-	-	-
Total school districts		313	1,443	1,756	1,706	-	-	50
Post-secondary institutions								
Emily Carr University of Art and Design – Campus redevelopment at Great Northern Way								
– Direct procurement	2017	9	10	19	15	-	-	4
– P3 contract	2017	82	22	104	27	60	-	17
University of British Columbia – Undergraduate Life Science Teaching Laboratories Redevelopment	2018	12	68	80	12		32	36
Simon Fraser University – Energy Systems Engineering Building	2019	5	121	126	45	-	45	36
Total post secondary institutions		108	221	329	99	60	77	93
Health facilities								
Lions Gate Hospital (Mental Health) Redevelopment ²	2014	47	15	62	38	-	-	24
Lakes District Hospital ²	2015	51	4	55	46	-	-	9
Queen Charlotte/Haida Gwaii Hospital	2016	44	6	50	31	-	-	19
Surrey Emergency/Critical Care Tower								
– Direct procurement	2018	148	46	194	174	-	-	20
– P3 contract	2014	318	-	318	139	179	-	-
Royal Inland Hospital Clinical Services								
Building	2016	53	27	80	47	-	-	33
Royal Inland Hospital Patient Care Tower	2024	-	417	417	202	-	-	215
North Island Hospitals								
– Direct procurement	2017	36	90	126	73	-	-	53
– P3 contract	2017	441	39	480	60	232	-	188
Interior Heart and Surgical Centre								
– Direct procurement	2018	140	108	248	213	-	-	35
– P3 contract	2015	133	-	133	4	79	-	50
Vancouver General Hospital – Joseph and Rosalie Segal Family Health Centre	2017	51	31	82	57	-	-	25
Children's and Women's Hospital								
– Direct procurement	2019	111	198	309	177	-	-	132
– P3 contract	2017	310	59	369	168	187	-	14
Pentiction Regional Hospital – Patient Care Tower								
– Direct procurement	2021	4	76	80	22	-	-	58
– P3 contract	2019	39	193	232	-	139	-	93
Royal Columbian Hospital	2019	7	252	259	250	-	-	9
Centre for Mental Health and Addictions	2019	1	100	101	101	-	-	-
Clinical and systems transformation	2023	180	300	480	480	-	-	-
iHealth Project – Vancouver Island Health Authority.....	2017	69	31	100	-	-	-	100
Total health facilities		2,183	1,992	4,175	2,282	816	-	1,077
Transportation								
Evergreen Line Rapid Transit ²								
– Direct procurement	2016	425	6	431	216	-	74	141
– P3 contract	2016	922	-	922	-	292	350	280
Highway 97 widening from Highway 33 to Edwards Road	2017	34	26	60	42	-	18	-
Highway 1 widening and 216th Street Interchange	2018	6	53	59	23	-	22	14
Highway 91 Alex Fraser Bridge Capacity Improvements								
Highway 1 – Admirals Road/McKenzie Avenue Interchange	2019	19	66	85	52	-	33	-
Highway 99 10-Mile Slide	2019	2	58	60	60	-	-	-
Highway 1 Lower Lynn Corridor Improvements								
Salmon Arm West	2022	19	144	163	115	-	48	-
Total transportation		1,443	605	2,048	621	292	645	490

Table 1.18 Capital Expenditure Projects Greater Than \$50 million ¹ (continued)

(\$ millions)	Year of Completion	Project	Estimated	Anticipated	Project Financing			
		Cost to Dec 31, 2016	Cost to Complete	Total Cost	Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'n's
Other taxpayer-supported								
Single Room Occupancy Hotel renewal initiative								
– Direct procurement	2017	26	2	28	26	-	2	-
– P3 contract	2017	119	-	119	1	91	27	-
Okanagan Correctional Centre ²								
– Direct procurement	2016	91	3	94	94	-	-	-
– P3 contract	2016	119	4	123	2	121	-	-
Abbotsford Courthouse	2020	1	156	157	64	87	-	6
Natural Resource Permitting Project ³	2018	49	29	78	78	-	-	-
Maples Adolescent Treatment Centre								
and Provincial Assessment Centre	2019	5	70	75	75	-	-	-
Total other		410	264	674	340	299	29	6
Total taxpayer-supported		4,457	4,524	8,981	5,047	1,467	751	1,716
Self-supported								
Transportation								
Port Mann Bridge / Highway 1 ²	2017	3,302	17	3,319	3,319	-	-	-
George Massey Tunnel Replacement ⁴	2024	16	3,484	3,500	3,500	-	-	-
Power generation and transmission								
BC Hydro								
– Mica SF ₆ gas insulated switchgear								
replacement ²	2014	186	5	191	191	-	-	-
– Northwest transmission line ²	2014	694	10	704	317	-	130	257
– Iskut extension project ²	2014	168	1	169	110	-	-	59
– Merritt area transmission ²	2015	58	2	60	60	-	-	-
– Smart metering and infrastructure program ²	2015	779	1	780	780	-	-	-
– Interior to Lower Mainland Transmission Line ² ..	2015	714	29	743	743	-	-	-
– G.M. Shrum units 1 to 5 turbine replacement ² ..	2015	175	10	185	185	-	-	-
– Hugh Keenleyside spillway gate reliability								
upgrade ²	2015	111	4	115	115	-	-	-
– Upper Columbia capacity additions at								
Mica units 5 and 6 project ^{2,3}	2015	586	19	605	605	-	-	-
– Long Beach area reinforcement ²	2015	37	1	38	38	-	-	-
– Dawson Creek/Chetwynd area transmission ² ..	2015	287	9	296	296	-	-	-
– Surrey area substation project ²	2016	79	15	94	94	-	-	-
– Big Bend substation	2017	61	11	72	72	-	-	-
– Ruskin Dam safety and powerhouse upgrade ...	2017	506	242	748	748	-	-	-
– Horne Payne substation upgrade project.....	2018	17	76	93	93	-	-	-
– John Hart generating station replacement	2019	615	478	1,093	1,093	-	-	-
– Cheakamus unit 1 and 2 generator								
replacement	2019	13	61	74	74	-	-	-
– Fort St. John and Taylor Electric Supply.....	2019	-	53	53	53	-	-	-
– W.A.C. Bennett Dam riprap upgrade project.....	2019	33	137	170	170	-	-	-
– George Massey Tunnel transmission								
relocation	2019	5	71	76	76	-	-	-
– G.M. Shrum G1-G10 control system								
upgrade ⁵	2021	12	48	60	60	-	-	-
– Site C clean energy project	2024	1,453	7,322	8,775	8,775	-	-	-
Columbia River power projects								
– Waneta Dam power expansion ^{2, 6}	2018	329	16	345	345	-	-	-
Total power generation and transmission		6,918	8,621	15,539	15,093	-	130	316
Other self-supported								
Insurance Corporation of British Columbia								
– Business transformation program	2016	301	-	301	301	-	-	-
Liquor Distribution Branch Warehouse	2019	-	57	57	57	-	-	-
Total self-supported		10,840	12,179	23,019	22,573	-	130	316
Total \$50 million projects		15,297	16,703	32,000	27,620	1,467	881	2,032

¹ Only projects that receive provincial funding and have been approved by Treasury Board and/or Crown corporation boards are included in this table. Ministry service plans may highlight projects that still require final approval. Capital costs reflect current government accounting policy.

² Assets have been put into service and only trailing costs remain.

³ Reflects approved capital costs to date, subject to change if future scope components are approved by government.

⁴ Figures shown are based on preliminary Treasury Board approvals and reflect the capital project budget only, planning costs of \$44 million have been expensed as per accounting policy. These amounts will change after P3 contracts are finalized.

⁵ The G.M. Shrum G1-G10 control system upgrade project has three phases. The total authorized capital amount of \$60M represents partial implementation funding as at September 30, 2016 for phases I and II and definition funding for phase III.

⁶ Reflects the combined shares of Columbia Power Corporation (32.5 per cent) and Columbia Basin Trust (16.5 per cent) in their partnership with Fortis Inc. for the development of an electricity generating facility at the Waneta Dam south of Trail.

\$50 Million Table Contacts

Taxpayer-supported

School Districts	Ken Frith	Ken.Frith@gov.bc.ca	250-356-6498	Manager, Capital Information and Data, Resource Management Division
Post-secondary Institutions	James Postans	James.Postans@gov.bc.ca	250-356-7896	Director, Capital Asset Management
	cc Richard Gellor	Richard.Gellor@gov.bc.ca	250-953-4983	Manager, Capital Asset Management
	cc Kevin Brewster	Kevin.Brewster@gov.bc.ca	250-356-2496	Assistant Deputy Minister and EFO, Financial and Management Services
Health Facilities	Glen Stusek	Glen.Stusek@gov.bc.ca	250-952-1646	Director, Decision Support - Capital Finance
Transportation				
<i>South Fraser Perimeter Road and Evergreen Line</i>	Gary So	Gary.So@gov.bc.ca	250-387-7873	Director of Finance, BCTFA, Financial Management
	Carol Bishop	Carol.Bishop@gov.bc.ca	250-387-1936	Executive Director, Crown Agencies, Finance
<i>Sierra Yoyo Desan Road upgrade</i>	Ranbir Parmar	Ranbir.Parmar@gov.bc.ca	250-953-3384	Director and CFO, Corporate Services for the Natural Resource Sector
Other taxpayer-supported				
<i>Integrated Case Management System</i>	Alexandra Jastrzebski	Alexandra.Jastrzebski@gov.bc.ca	604-506-0080	Senior Financial Analyst, Budget Management & Assurance
	Bob Byers	Rob.Byers@gov.bc.ca	250-216-8369	Executive Director Business Alignment, Financial Operations
<i>Single Room Occupancy Hotel renewal</i>	Jennifer Iten	jiten@bchousing.org	604-439-4730	Senior Manager, Budget and Financial Reporting
	cc Sandra Winter	Sandra.Winter@gov.bc.ca		
<i>Okanagan Correctional Centre</i>	Donald Bridger	Don.Bridger@gov.bc.ca	250-356-7136	Senior Financial Analyst, SSBC - Real Property Division
	May Yu	May.Yu@gov.bc.ca	250-356-7118	Director, SSBC - Real Property Division
<i>Natural Resource Permitting Project</i>	Murray Jacobs	Murray.Jacobs@gov.bc.ca	250-387-4702	Executive Director and Chief Financial Officer

Commerical Crowns / Self-supported

<i>BC Hydro and Power Authority</i>	Cheryl Yaremko	Cheryl.Yaremko@bchydro.com		Chief Financial Officer
	Chris Boltwood	chris.boltwood@bchydro.com		
	Henry Honda	henry.honda@bchydro.com		
	Lana Mah	Lana.Mah@bchydro.com	604-623-3670	Forecasting Analyst, Planning & Forecast
<i>Insurance Corporation of British Columbia</i>	Bill Carpenter	Bill.Carpenter@icbc.com		Chief Financial Officer
<i>ICBC business transformation program</i>	Jim Gardner	Jim.Gardner@icbc.com		
	Philip Leong	Philip.Leong@icbc.com	604-982-6282	Corporate Controller
<i>BC Lottery Corporation</i>	Jervis Rodrigues	JRodrigues@bclc.com		
	Amanda Hobson	AHobson@bclc.com	604-225 6355	Interim CFO and VP, Finance and Corporate Services
<i>BCLC gaming management system</i>	Abigail Sy Yong	ASy Yong@bclc.com	604 228 3052	Interim Director, Financial Planning & Analysis
	Tom Powell	tpowell@bclc.com	250-282-5508	Director, Corporate Finance
<i>Liquor Distribution Branch</i>	Roger Bissoondatt	Roger.Bissoondatt@bcldb.com	604-252-3151	Chief Financial Officer
	Elaine Low	elaine.low@bcldb.com	604-252-3158	Director, Finance – Planning and Reporting
<i>Transportation Investment Corporation</i>	Pat Soanes	psoanes@ticorp.ca	778-783-1211	Vice President, Finance and Corporate Services
	Connie Law	claw@ticorp.ca	778 783-1230	Senior Manager, Revenue
<i>TIC Port Mann Bridge/Higway 1</i>	Mario Piscitelli	mpiscitelli@ticorp.ca	778-783-1225	Director, Finance
<i>BC Railway Company</i>	Gary So	Gary.So@gov.bc.ca	250-387-7873	Director of Finance, BCTFA, Financial Management
	Carol Bishop	Carol.Bishop@gov.bc.ca	250-387-1936	Executive Director, Crown Agencies, Finance
Power generation and transmission				
<i>BC Hydro projects</i>	Ryan Layton	ryan.layton@bchydro.com	604-623-3865	Manager, Budgeting & Forecasting, Corporate Finance
<i>Waneta Dam power expansion</i>	Tasso Tsalamandris	Tasso.Tsalamandris@columbiapi	250-304-6031	Director, Finance

BUDGET 2017 DEBT OVERVIEW

Debt management concepts

- Debt is an expression of government's excess cash requirement compared to its cash supply. The two major influences on debt are operating cash flows and capital spending.
- Debt targets, primarily expressed in terms of the ratio of debt to gross domestic product (GDP), are seen as a hallmark of fiscal responsibility on the part of a government. The debt-to-GDP ratio is a key measure used by rating agencies in determining a government's credit rating.
- Debt targets can assist in achieving fiscal sustainability and future affordability. A strong credit rating helps maintain low borrowing costs for government, and avoids crowding out program area spending.
- In a debt target environment, the cash flow impacts of operating deficits can constrain capital spending, and capital plan commitments can drive the need for operating result improvements such as those derived from expenditure management.



- For example, if operating spending were to increase in the absence of new revenues and no change in capital spending, then an adjustment to the debt target will automatically result (i.e. an increase to the taxpayer-supported debt-to-GDP ratio).
- While operating cash flows and capital spending amounts are annual, debt is cumulative. Over a three-year fiscal plan, a series of small deficits or increases to capital spending can result in a significant shift in the debt target by the end of the fiscal plan period. For example, a \$250M change to operating results, capital spending, or a combination of the two will produce a 0.1% shift in the debt-to-GDP ratio. This can be realized by a one-time \$250M shift or a series of three \$83M shifts in one direction.
- Operating cash flows are a combination of operating results, adjusted for non-cash items (such as amortization expenses), and changes in working capital balances. Non-cash expenses, such as the amortization of capital assets, reduce operating results without reducing cash flow.
- In order for debt reduction to occur, operating cash flows must exceed capital spending requirements. In general, a sustained debt reduction would require significant annual surpluses, as operating cash flows derived from non-cash expenses and working capital changes will not be sufficient to fund annual capital spending requirements.

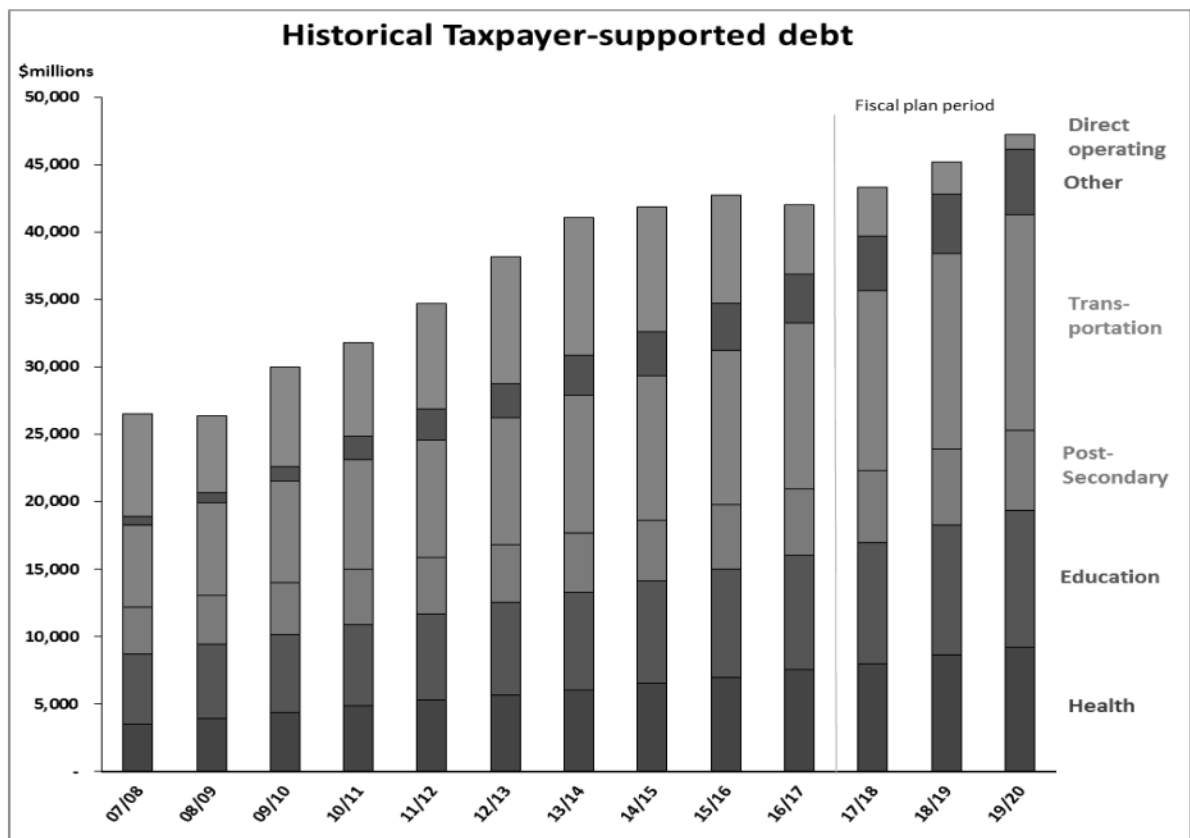
- Debt is classified as either taxpayer-supported or self-supported, depending on the nature of the organizations doing the borrowing. The previous analysis focuses on taxpayer-supported debt, but the same principle exists for self-supported debt.

Budget 2017 debt, and longer term trending

- The *Budget 2017* forecast reflects total debt projected to reach \$77.7B (including forecast allowance) by 2019/20.
- Growth in debt relates to investments in capital infrastructure, partially offset by reductions to operating debt resulting from operating surpluses. Growth in capital related debt can be seen by sector in the table below.

(\$ millions unless otherwise indicated)	Updated Forecast 2016/17	Budget Estimate 2017/18	Plan 2018/19	Plan 2019/20
Taxpayer-supported debt				
Provincial government direct operating	5,167	3,609	2,350	1,066
Other taxpayer-supported debt (mainly capital)				
Education ²	13,414	14,329	15,249	16,092
Health ³	7,553	8,012	8,658	9,214
Highways and public transit ⁴	12,251	13,280	14,482	15,977
Other ⁵	3,642	4,072	4,445	4,852
Total other taxpayer-supported debt	36,860	39,693	42,834	46,135
Total taxpayer-supported debt	42,027	43,302	45,184	47,201
Self-supported debt	24,289	26,135	28,023	30,237
Total debt before forecast allowance	66,316	69,437	73,207	77,438
Forecast allowance ⁶	350	350	250	250
Total provincial debt	66,666	69,787	73,457	77,688

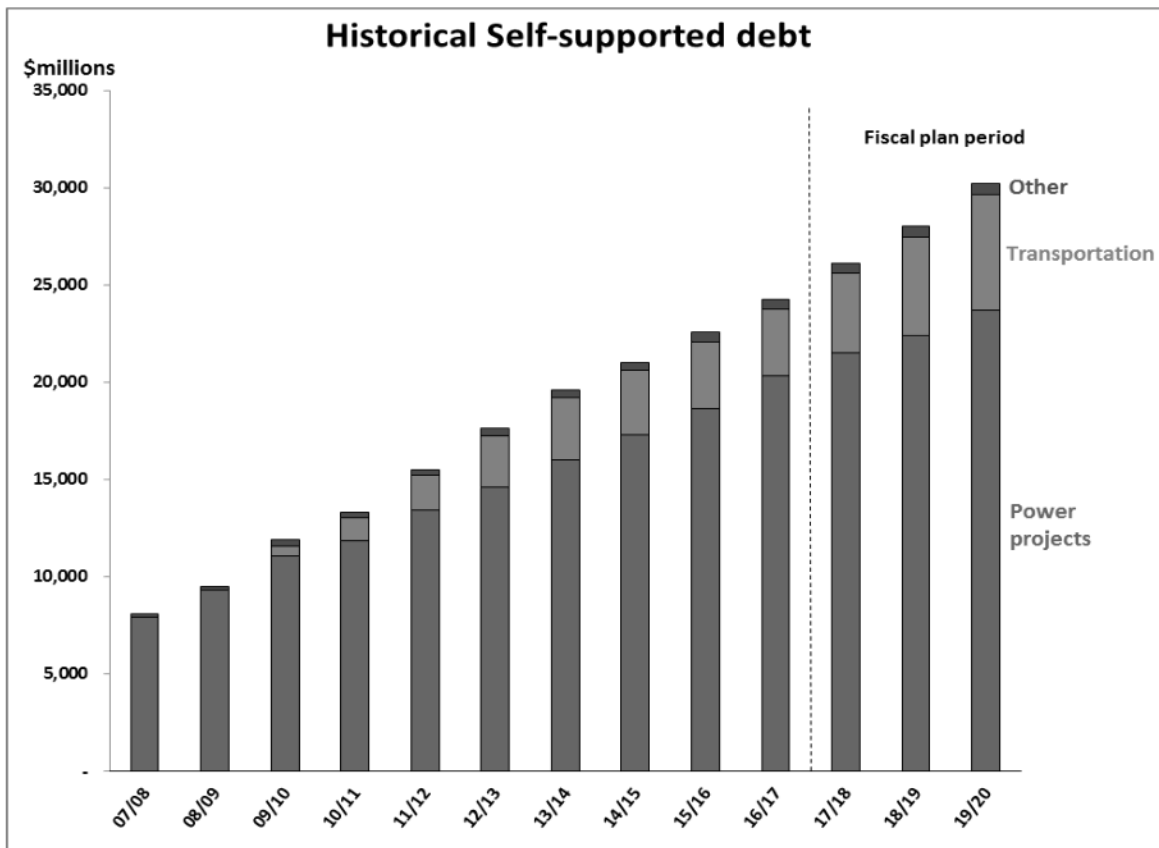
- A longer term view confirms this trend: capital investments result in growing debt, with operating results impacting operating debt. The table below shows growing operating debt during the period of deficits from 09/10 through 12/13.



- Composition and average annual growth of taxpayer-supported debt:

	2007/08	2019/20	Annual Growth
Health	13%	20%	8.4%
Education	20%	21%	5.7%
Post-Secondary	13%	13%	4.7%
Transportation	23%	34%	8.3%
Other	2%	10%	18.2%
Direct Operating	29%	2%	-15.1%

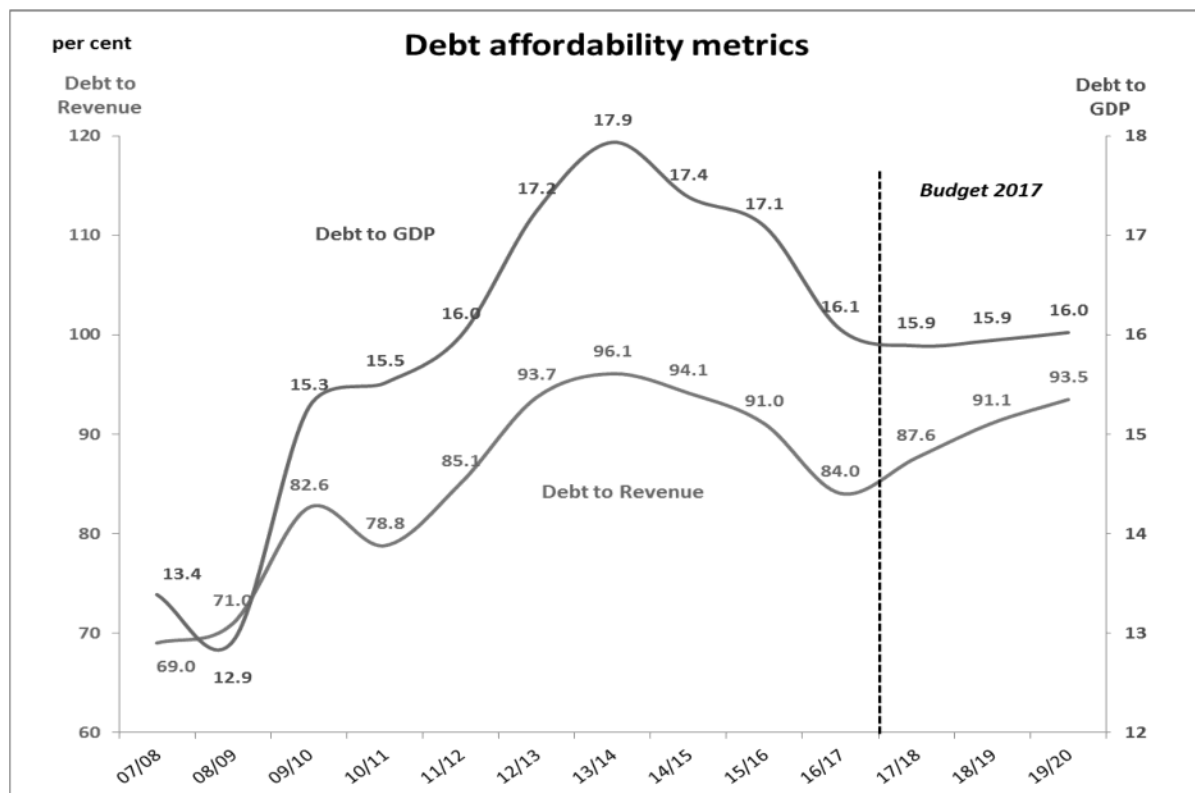
- Self-supported debt has increased from \$8.1B in 2007/08 to a projected \$30.2B in 2019/20 – exclusively due to requirements for financing capital spending.
- With the exception of the Port Mann Bridge project and the George Massey Tunnel Replacement project, the vast majority of self-supported debt relates to power projects, mainly in BC Hydro.
- Other self-supported debt includes borrowing by BCLC to finance gaming equipment purchases and the debt owed by the commercial subsidiaries of post-secondary institutions



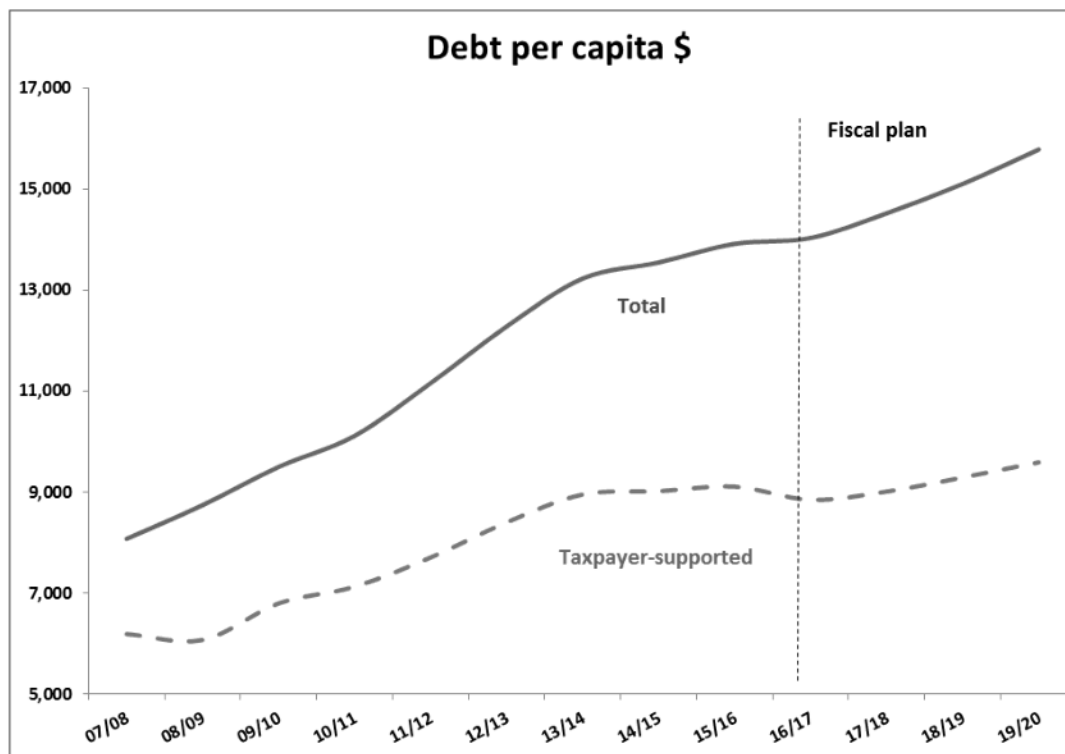
- Composition and average annual growth of self-supported debt:

	2007/08	2019/20	Annual Growth
Power Projects	98%	78%	9.6%
Transportation	0%	20%	67.8%
Other	2%	2%	11.1%

- Debt relative to GDP and revenue are measures often used as indicators for assessing the financial health of a government. Rating agencies focus on taxpayer-supported debt to GDP as one measure of government's control over its finances.



- Eliminating the increases in taxpayer-supported debt to GDP and returning to a flat or declining trend in this measure is seen as key to maintaining BC's AAA credit rating, which keeps borrowing costs low. Commitment to this target mainly constrains incremental capital spending during the fiscal plan period.
- Taxpayer-debt to revenue ratio is another metric used to gauge debt affordability by credit rating agencies. The increasing trend in over the fiscal plan period is largely driven by lower revenues due to the commitment to reduce MSP premiums. 95% is viewed as an important threshold to be maintained in order to protect government's enviable credit rating.
- Both measures can also be expressed in terms of total debt, which includes self-supported debt of commercial Crown corporations. For example, the total debt to GDP ratio would reflect BC Hydro's debt load driven by its aggressive capital spending program. As this ratio includes self-supported debt, which is financed from revenue generated from the sale of services to individuals and organizations outside of government, it does not have a significant influence on the province's credit rating.

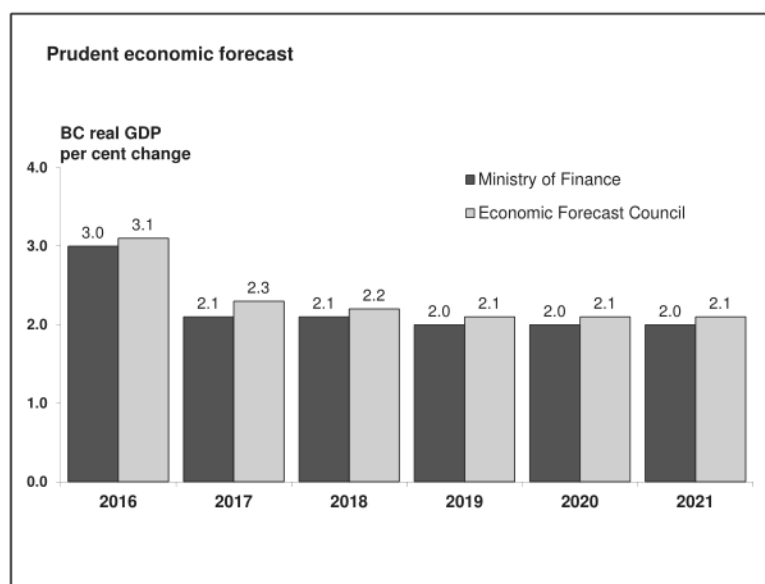


- Composition and total increase in debt per capita:

	2007/08	2019/20	Increase
Total	\$8,072	\$15,781	96%
Taxpayer-supported	\$6,187	\$9,588	55%
Self-supported	\$1,885	\$6,193	226%

ECONOMIC SUMMARY – FEBRUARY BUDGET 2017

- Following an estimated increase of 3.0 per cent in 2016, the Ministry of Finance forecasts British Columbia's economy to grow by 2.1 per cent in both 2017 and 2018, and by 2.0 per cent annually from 2019 to 2021.



- The Ministry's forecast for BC real GDP growth is 0.2 percentage points below the outlook provided by the Economic Forecast Council for 2017 and 0.1 percentage point below in 2018. This prudence acknowledges the downside risks to the economic forecast and is one of the levels of prudence built into the fiscal plan.
- The Ministry estimate for 2016 is higher than forecast in *Budget 2016* as growth in employment, retail sales, and housing starts exceeded expectations. While in subsequent years the domestic economy is generally expected to grow as previously anticipated, a weaker outlook for external economies is weighing on export growth. As such, the Ministry's real GDP outlook for 2017 and beyond is lower than what was forecast in *Budget 2016*.
- Downside risks to BC's economic outlook include:
 - uncertainty regarding US fiscal and trade policy;
 - fragility in Europe as governments and the financial system deal with elevated sovereign debt alongside weak economic growth and ongoing uncertainty associated with Brexit;
 - slower than anticipated economic activity in Asia resulting in weaker demand for BC's exports and downward pressure on global commodity prices (particularly as China's economy transitions from investment and export-led growth towards a consumer-driven economy);
 - exchange rate uncertainty; and
 - potential for a slowdown in domestic and Canadian economic activity.

Federal Infrastructure Programs – Federal Budget 2017

Federal Budget 2016 - Phase 1

In its 2016 budget, the federal government announced \$11.9 billion for phase 1 of the Public Transit, Green and Social Infrastructure programs. British Columbia has fully leveraged funds available under phase 1, which are accommodated in the fiscal plan presented in Budget 2017.

Federal Budget 2017 – Phase 2

The Fall Economic Update in November 2016, included plans to spend \$81.2 billion between 2017/18 and 2027/28 and added two new infrastructure programs (Trade and Transportation and Rural and Northern Communities). The federal 2017 budget does not add any new infrastructure funding, but provides details about some of the programs announced earlier including timing and cost sharing.

The Ministry of Transportation and Infrastructure (TRAN) has begun their analysis of the implications on their capital plan of the new programs. However there are some factors that are still unknown:

- No allocations for BC were given in the federal budget;
- Bilateral agreements will need to be negotiated, this will determine the amount BC will need for cost-sharing as well as the timing of projects; and
- Unclear what role the Canada Infrastructure Bank will play in funding projects in the Transit, Green and Trade and Transportation Programs.

Phase 2 Federal Infrastructure Programs

A. Public Transit Infrastructure Fund

Programs		Distribution	5-Year	Total
1	■ Public Transit Bilateral Agreements	Ridership/capita	3,926	20,125
2	■ Canada Infrastructure Bank	Application	921	5,000
3	■ Smart Cities Challenge Fund	Competition	42	100
4	■ Superclusters	Competition	75	75
<i>Sub-total (Public Transit)</i>			<i>4,964</i>	<i>25,300</i>

Allocates \$25.3 billion over 11 years (2017/18 to 2027/28) to build new urban transit networks and service extensions. Of this, 5 billion will flow through the Canada Infrastructure Bank. Provincial and territorial allocations are determined using a formula based on ridership (70%) and population (30%). Bi-lateral agreements will provide up to 50% of eligible costs for rehabilitation projects (with funding for rehabilitation projects capped at 15% of total public transit funding), while funding for new public transit construction and expansion projects will be cost-shared at up to 40% federal funding of eligible costs. It is estimated BC will receive approximately \$2.7 billion over the funding horizon.

Federal Infrastructure Programs – Federal Budget 2017

B. Green Infrastructure Fund

Allocates \$21.9 over 11 years (2017/18 to 2027/28) to mitigate climate change effects, transition to a clean growth economy and support the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change. Of this, \$9.2 billion will be provided to provinces and territories through bilateral agreements. Provincial and territorial allocations are distributed on a base plus per capita basis. BC's share would be about \$1 billion, with the actual allocation dependent on the "base" per jurisdiction (TBA). \$5 billion of the green infrastructure funding will be available through the Canada Infrastructure Bank, and the remaining funding will be allocated to a series of programs detailed in the table below.

Programs		Distribution	5-Year	Total
1	■ Green Infrastructure Bilateral Agreements	Base +Per Capita	1,596	9,222
2	■ Canada Infrastructure Bank	Application	1,182	5,000
3	■ Disaster Mitigation and Adaptation	Application	445	2,000
4	■ Smart Grid and Clean Electricity	Application	100	100
5	■ Emerging Renewable Energy Technologies	Application	175	200
6	■ Reducing Diesel Reliance South of 60th parallel	Application	160	220
7	■ Electric Vehicles and Alternative Fuels	Application	120	120
8	■ Arctic Energy Fund	Territories	160	400
9	■ Smart Cities Challenge	Competition	42	100
10	■ Superclusters	Competition	75	75
11	■ Improving Indigenous Communities	First Nations	800	2,000
12	■ Energy Efficient Building Codes	Federal	87	182
13	■ Climate Adaptation and Resilience	Federal	157	281
14	■ Reserved Green Funding	TBD	252	2,000
<i>Sub-total (Green Infrastructure)</i>			<i>5,351</i>	<i>21,900</i>

Federal Infrastructure Programs – Federal Budget 2017

C. Social Infrastructure Fund

Allocates \$21.9 billion over 11 years (2017/18 to 2027/28) to provide funding for early learning and childcare (\$7 billion), a National Housing Fund (\$5 billion), FPT housing partnerships (\$3.2 billion), tackling homelessness (\$2.1 billion), Indigenous communities (\$2 billion), cultural and recreational infrastructure (\$1.3 billion), home care (\$1 billion) and other various minor programs. Provincial funding allocations for most of these programs have not yet been announced.

Programs		Distribution	5-Year	Total
1	■ Cultural and Recreational Bilateral Agreements	Base + Per Capita	200	1,347
2	■ Early Learning and Child Care	TBD	2,185	7,000
3	■ National Housing Fund	TBD	1,184	5,000
4	■ FPT Partnership in Housing	TBD	765	3,170
5	■ Tackling Homelessness	TBD	707	2,129
6	■ Home Care Infrastructure	Per Capita	1,000	1,000
7	■ Support for Northern Housing	Territories	120	300
8	■ Community Educational Infrastructure	TBD	20	80
9	■ Canada Cultural Spaces Fund	Application	120	300
10	■ Enabling Accessibility Fund	Application	31	77
11	■ Smart Cities Challenge	Competition	42	100
12	■ Improving Indigenous Communities	First Nations	350	2,000
13	■ Housing for Indigenous Peoples Not On-Reserve	First Nations	100	225
14	■ Housing Research	Federal	111	241
15	■ Federal Lands for Affordable Housing	Federal	82	202
	Less Funds in Fiscal Framework/Other Revenues		-328	-1,271
Sub-total (Social Infrastructure)			6,688	21,900

Federal Infrastructure Programs – Federal Budget 2017

D. Trade and Transportation Infrastructure Fund

\$10.1 billion over 11 years (2017/18 to 2027/28) to fund trade and transportation projects and initiatives. This includes funding for VIA Rail and Atlantic ferries, a National Trade Corridors Fund and an Oceans Protections Plan. Of this, \$5 billion will flow through the Canada Infrastructure Bank.

Programs		Distribution	5-Year	Total
1	■ National Trade Corridors Fund	Application	618	2,000
2	■ Canada Infrastructure Bank	Application	741	5,000
3	■ Modernizing Transportation *	Federal	76	77
4	■ Connecting Communities by Rail and Water *	Federal	1,120	1,925
5	■ Climate Risk Assessments	Federal	16	16
6	■ Information System	Federal	23	50
7	■ Oceans Protection Plan	Federal	1,067	1,325
8	■ Heavy-Duty Vehicle and Off-Road Regulations	Federal	8	16
	* Less Funds in Fiscal Framework/Other Revenues		-208	-309
Sub-total (Trade and Transportation)			3,462	10,100

E. Rural and Northern Community Infrastructure Fund

\$2.0 billion over 11 years (2017/18 to 2027/28) with funding to be allocated to provinces and territories on a base plus per capita allocation basis. Projects may include improving road access, expanding Internet connectivity or the renewal and replacement of energy systems in northern communities, so that remote communities can reduce their reliance on diesel. These investments will be made through bilateral agreements with provinces and territories, and will have flexible terms, so that funds can be directed to the areas with the greatest need. The Base Provincial/Territorial allocation has not been provided, but BC's share is estimated at \$225 million.

Under the bilateral agreement federal funding for approved projects will be provided on the following basis:

- Up to 40% for projects undertaken with municipal and not-for-profit partners;
- Up to 50% for projects with provincial partners; and,
- Up to 75% for projects with Indigenous partners and projects with territorial partners.

Programs		Distribution	5-Year	Total
1	■ Rural & Northern Bilateral Agreement	Base + Per Capita	650	2,000
Sub-total (Rural and North Community)			650	2,000

Federal Infrastructure Programs – Federal Budget 2017

F. Canada Infrastructure Bank

The Canada Infrastructure Bank (CIB) will be responsible for investing at least \$35 billion over 11 years; \$15 billion in program funding (\$5 billion each from the funds allocated to public transit, green and trade & transportation infrastructure) and \$20 billion in debt and equity funding. In its 2016 Fall Economic Statement, the Government announced plans to establish a new Canada Infrastructure Bank, an arm's-length organization that will work with provincial, territorial, municipal, Indigenous and private sector investment partners to leverage private sector expertise and capital. Investment will focus on large strategic transformative projects such as regional transit plans, transportation networks and electricity grid interconnections.

A Transition Office has been established within **Infrastructure Canada** and the federal government has tabled legislation to establish CIB and has begun the process to identify a Chief Executive Officer and Chairperson of the Board of Directors, with the goal of having CIB operational in late 2017.

CIB will be available to all partners and will provide advisory capacity to assist in the development of a "pipeline" of projects for potential investors.

Allocated from Public Transit Infrastructure	\$5 Billion
Allocated from Trade and Transportation Infrastructure	\$5 Billion
Allocated from Green Infrastructure	\$5 Billion
Sub-Total (Program Funding)	\$15 Billion
Debt and Equity Funding	\$20 Billion
Total Funding	\$35 Billion

Fiscal Plan Impacts Summary

Public Transit Infrastructure Fund (PTIF)

- The current total cost estimate of Metro Vancouver's transit priorities (under PTIF – Phase 2) is estimated at \$6.5B. This includes the Millennium Line Broadway Extension, South of the Fraser L-Line LRT, Millennium-Expo Lines Capacity Expansion, and Other Transit Capital.
- The proposed cost-sharing scenario is \$2.2B Federal, \$2.2B Provincial and \$2.1B Translink. Under this scenario, each government's contribution represents ~40% of eligible costs and approximately one-third of total costs.
- The timing of cash flow may constrain the larger projects and require sequencing. Cash flows are very preliminary and will change once the business cases are completed.
- The current Transportation Investment Plan (TIP) has notional allocations of \$1.7B over 9 years for phase 2 PTIF projects. As such, the current fiscal plan

Federal Infrastructure Programs – Federal Budget 2017

can accommodate the first three projects – Broadway Extension, Surrey L line and the Millennium-Expo Capacity Expansion.

- The province may choose to limit its financial participation on the `Other Transit Capital` projects, and not fully leverage federal funding.
- In order to fully leverage federal funding, \$2.2B in provincial funding would be needed over 11 years. The Transportation Investment Plan has a notional allocation of \$2.1B over the 11 year period for projects related to Phase 2 of the PTIF. The funding gap of about \$100M could likely be managed over the 11 year time period, especially since budget estimates for the projects are preliminary.
- Provincial cost sharing for PTIF phase 2 projects at a participation rate above 40% of eligible costs (one-third of total cost) would require additional funding from the fiscal plan.

Operating Pressures

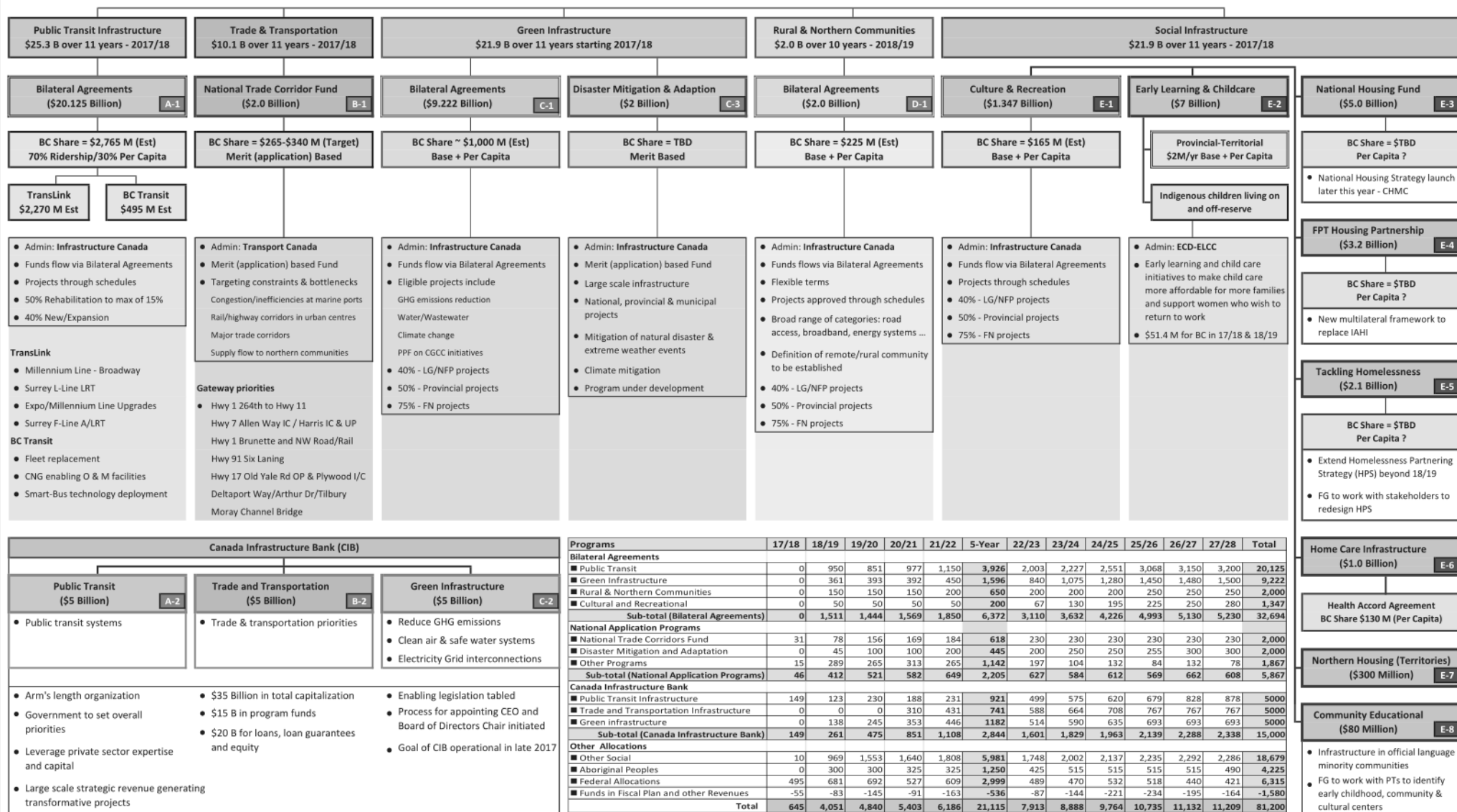
- The current cost of the Pattullo Bridge Replacement project is estimated at \$1.5B. The estimated provincial share of \$500M for the project is not funded within the TIP and represents an operating cost pressure for TRAN.
- Bilateral agreements under the Green Infrastructure Program are estimated at about \$1B for BC over 11 years. There is currently no funding allocated for cost-sharing on these projects in the fiscal plan. On a prorated basis the cash flow estimate for BC's share is about \$80M over the next two years (2018/19 and 2019/20).
- Cultural and Recreational bilateral agreements are estimated at about \$165 million for BC, no funding is currently allocated in the fiscal plan for cost-sharing on these projects.
- Housing: there is significant funding for affordable housing and BC housing is working on determining the impact.

Federal Infrastructure Programs – Federal Budget 2017

Federal Infrastructure Programs Phase 2 cash flows - 2017/18 to 2027/28 (millions)

	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/2027</u>	<u>2027/28</u>	<u>Total</u>
Budget 2017 - Phase 2												
Public Transit - Phase 2 (Incl. \$5B for CIB projects)	164	1,100	1,100	1,200	1,400	2,520	2,804	3,189	3,748	3,996	4,078	25,300
Green Infrastructure - Phase 2 (Incl. \$5B for CIB projects)	21	999	1,199	1,400	1,731	2,200	2,498	2,794	3,000	3,028	3,030	21,900
Social Infrastructure - Phase 2	-1	1,183	1,688	1,850	1,968	2,072	2,405	2,545	2,643	2,781	2,766	21,900
Budget 2017 - Phase 2 Subtotal	184	3,282	3,987	4,450	5,099	6,792	7,707	8,528	9,391	9,805	9,874	69,100
Budget 2017 - Other												
Rural and Northern Communities		150	150	150	200	200	200	200	250	250	250	2,000
Trade and Transportation (Incl. \$5B for CIB projects)	461	617	700	800	884	920	978	1,036	1,091	1,077	1,083	10,100 ¹
Budget 2017 - Other Subtotal	461	767	850	950	1,084	1,120	1,178	1,236	1,341	1,327	1,333	12,100
Budget 2017 Phase 2 Total	645	4,049	4,837	5,400	6,183	7,912	8,885	9,764	10,732	11,132	11,207	81,200
¹ 11 year totals include the remaining amortization amounts beyond 2027-28.												

Budget 2017 Phase 2 of New Federal Infrastructure Plan (\$81.2 Billion over 11 years starting 2017/18 and ending 2027/28)



Budget 2017 Phase 2 of New Federal Infrastructure Plan (\$81.2 Billion over 11 years starting 2017/18)

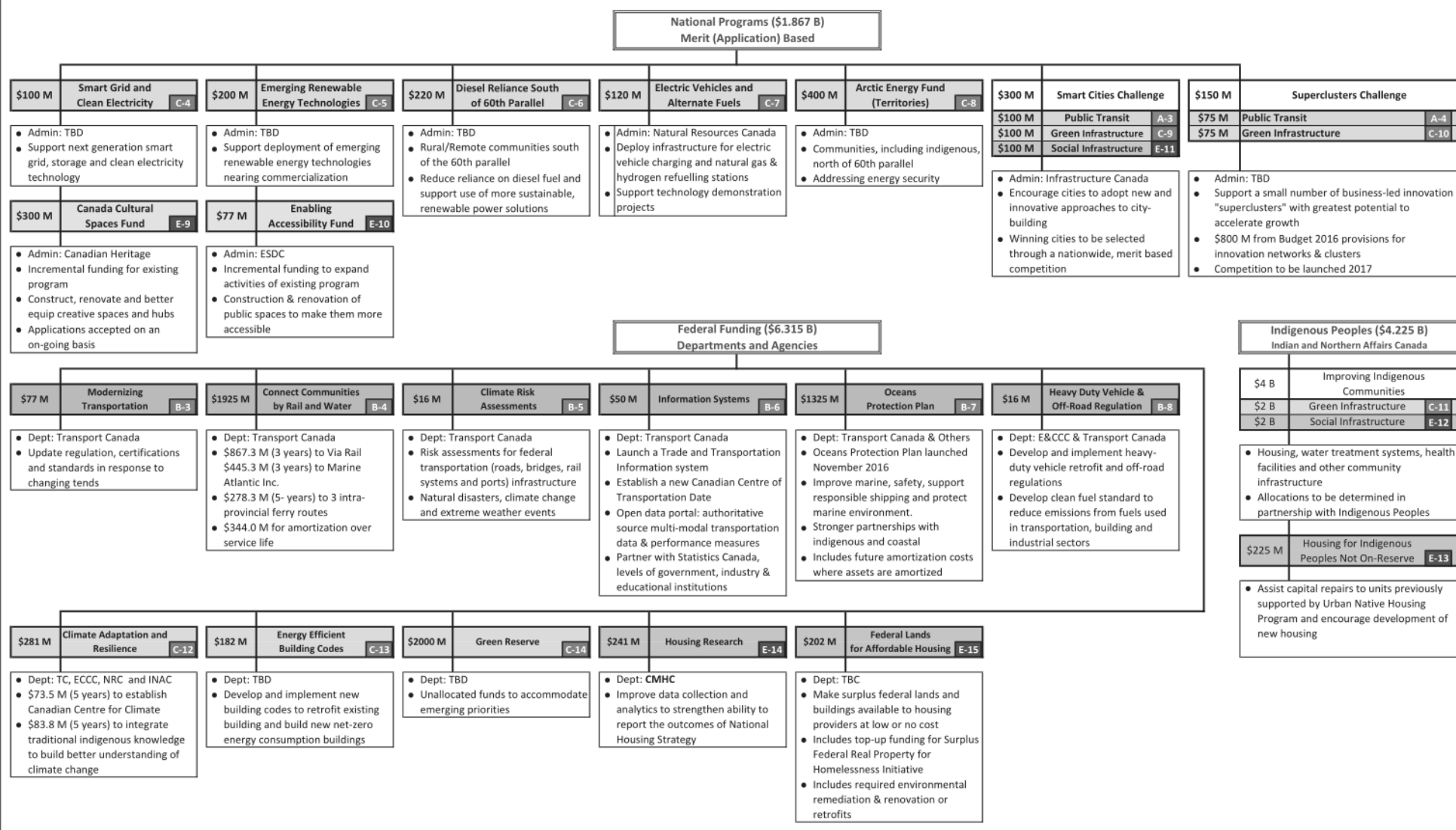


Table 3 – Approved Spending Decisions for *Budget 2017* (\$ millions)

Ministry	Purpose or Specific Initiative	2017/18	2018/19	2019/20
AGRI	"Buy Local" program	2.2	2.2	2.2
ARR	Treaty and Other Agreements Funding Vote	(2.3)	(3.0)	(2.6)
ARR	First Citizens Fund Special Account	0.2	0.2	0.2
ARR	FN Clean Energy Fund Sp. Account	3.1	3.3	3.2
ARR	FN Events	0.8	0.8	0.8
ARR	Treaty Implementation Costs	1.0	1.0	1.0
ARR / MNGD / FLNRO	Environmental Stewardship Initiative administration (NGD, ARR, FLNR)	-	-	(2.4)
AVED	Operating costs for new Emily Carr campus	5.2	4.3	4.4
AVED	Migration of 20 PSIs to BCNET	2.5	2.5	2.5
AVED	Student Grant Pressures	1.7	-	-
AVED	Tech Strategy	14.4	7.0	24.9
AVED	Private Career Training Branch	0.1	0.2	0.2
CFD	Permanency Initiatives / Plecas / Ed John	40.0	40.0	40.0
CFD	Caseload & Child Care Spaces for 17/18	69.0	49.0	49.0
CFD, HLTH, AVED	Youth Mental Health	26.8	26.8	26.8
CSCD	New Build Canada - Small Community Fund	10.0	-	-
CSCD	Clean Water Wastewater Fund	40.0	-	-
CSCD	Rail Property Tax Sharing	0.3	0.3	0.3
CSCD	Gaming Grants - Staffing	0.7	0.7	0.7
CSCD / TRAN	Base Lift for 3 Minor Grants	1.0	1.0	1.0
EDUC	Student Transportation Fund (Busing)	15.5	14.7	14.7
EDUC	Rural Education Enhancement Fund	2.5	2.6	2.6
EDUC	Caseload - Enrolment Growth	76.2	76.2	76.2
EDUC	BCTF Interim Settlement (January 2017)	128.8	107.3	107.3
EDUC	Teacher's Act Special Account	1.2	-	-
EDUC	Learning Improvement Fund	-	-	1.9
EDUC	School District Pressures	17.5	25.0	25.0
ENV	Omnibus Pressures	3.0	3.0	3.0
ENV	CAS DMO and GGIRCA & Cement Incentive Program	0.8	(1.2)	(3.0)
ENV	Parks Foundation (one-time)	10.0	-	-
ENV	BC Parks Futures Strategy & Campsite Expansion	8.7	8.9	8.9
FIN	Housing Affordability - Housing Special Account	88.2	316.9	323.1
FIN	Corporate Information and Records Management Office	2.5	2.5	2.5
FIN	Officers of the Legislature	37.8	1.3	0.9
FIN	Benefits Rate Chargeback	(8.2)	-	-
FIN	Financial Institutions Commission	1.4	1.4	1.4
FIN	Office of Supt. of Real Estate \$1000 Vote	0.001	0.001	0.001
FIN	PST Pilot Project	4.3	4.4	4.4
FIN (PSA)	LTD Fund Special Account	(0.7)	(0.7)	(0.7)
FIN (PSEC)	Municipal Pension Plan Rate Simplification	2.3	-	-

Table 3 (cont.) – Approved Spending Decisions for *Budget 2017*

Ministry	Purpose or Specific Initiative	2017/18	2018/19	2019/20
FIN (PSEC)	Economic Stability Mandate (AVED/EDUC)	22.5	-	-
FIN (PSEC)	2 nd Economic Stability Dividend (2015)	82.4	70.2	70.2
FLNR	Campsite Expansion	0.5	-	-
FLNR	Natural Resource Permitting Project	3.1	3.1	3.1
FLNR	BC Timber Sales Special Account	8.1	(1.3)	0.4
FLNR	Caribou Recovery Program	8.0	9.0	10.0
FLNR	Invasive Plants (one-time)	10.0	-	-
FLNR & MEM	Clean Energy Vehicles and Climate Planning	43.0	3.0	3.0
HLTH	Economic Stability Mandate & 17/18 Waitlists	251.0	226.0	226.0
HLTH	Cancer Prevention Centre	6.0	-	-
HLTH	Canuck Place	-	5.0	5.0
HLTH	Addiction Spaces (one-time)	10.0	-	-
HLTH / PSSG	Fentanyl Overdose Response (out-years TBD)	10.0	-	-
JAG	Caseload – Courts, Surrey Courthouse & Justice Access Center, Guns/Gangs	6.8	7.1	7.2
JAG / PSSG	Okanagan Correctional Centre	2.9	-	-
JTST	Destination BC Funding Formula	0.5	0.5	0.5
JTST	Centre for Data Innovation	4.0	7.0	7.0
JTST	Island-Coastal Economic Trust (one-time)	10.0	-	-
Leg	Legislative Assembly	3.4	3.3	4.8
MEM	Mine Oversight (OAG Report)	5.8	6.5	6.5
MIT	ASEAN Offices	1.7	1.7	1.7
MIT	US Trade Offices	0.8	1.3	1.3
MTICS	Real Property Division Pressures	7.0	-	-
MTICS	Knowledge Network Corporation (KNC)	0.3	0.3	0.4
MTICS	Connecting BC Rural Internet (one-time)	40.0	-	-
MTICS	Tech Strategy	15.5	2.0	2.0
NGD-H	SRO Renewal P3 Initiative	-	1.0	0.7
PSSG	Caseload – Corrections, Legal Services, etc.	28.6	28.7	28.7
SDSI	New Initiatives (excl. Disability Asst. Rates)	8.5	8.6	8.6
SDSI	Caseload – Temp/Disability Assist, CLBC, etc.	78.0	95.0	110.0
SDSI	Disability Assistance Rates (\$50/month)	64.3	66.5	68.6
TRAN	Highways Maintenance Contracts	4.0	4.0	4.0
TRAN	BC Transit and Coastal Ferries.	1.8	1.8	1.8
Less: Portion of FIN Special Account Lift that is not an Expense - Cash Transfer to BC Housing for Loans		(42.5)	(217.4)	(167.9)
Total Ministry budget decision fiscal impacts in <i>Budget 2017</i>		<u>1,304.2</u>	<u>1,031.4</u>	<u>1,123.7</u>

Legend:

	Demand-Driven Caseload or Contractual Cost Pressure
	Other form of Non-Discretionary Ministry Cost Pressure
	Higher Profile Priority of Previous Government
	Lower Profile Discretionary Funding Decision

PROVISIONAL FISCAL PLAN UPDATE

Improved operating results

- A provisional fiscal plan update (as at July 12th) reflects a cumulative improvement of approximately \$1.2 billion in surpluses across the fiscal plan period compared to *Budget 2017*.
- The improvement relates mainly to higher Consolidated Revenue Fund revenues due to positive carry forward impacts of the 2016/17 surplus, as well as estimated impacts of improving economic growth. See note 2B for more on CRF revenue improvements.
- Higher surpluses provide fiscal room for new spending in new priority areas. In addition, unwinding Budget 2017 initiatives may provide additional room.
- The fiscal framework will continue to evolve throughout the summer in light of a new Economic Forecast Council member survey and economic forecast update, as well as updated ministry and agency forecasts are received in preparation for the first Quarterly Report.

\$ millions	2017/18	2018/19	2019/20
<i>Budget 2017 surpluses</i>	<u>295</u>	<u>244</u>	<u>223</u>
Updates			
Consolidated Revenue Fund changes:			
Revenue improvements	458	176	266
Estimated EFC survey impacts	145	315	406
EDUC funding for settlement (with IS impacts)	(147)	(207)	(206)
Economic Stability Mandate (5th year carryover)	-	(43)	(171)
2016 Economic Stability Dividend	(12)	(118)	(120)
Fire Management costs - emergency funding	(100)		
Estimated debt servicing cost impacts	19	50	76
SUCH and other agency net spending changes	67	100	77
commercial Crown net income changes	<u>36</u>	<u>46</u>	<u>61</u>
Total changes from Budget 2017	<u>466</u>	<u>319</u>	<u>389</u>
Update prior to new commitments and potential offsets	<u>761</u>	<u>563</u>	<u>612</u>

Capital spending

- Taxpayer-supported capital spending track has been updated to reflect 2016/17 final spending, with timing changes reflected in the 2017/18 – 2019/20 fiscal plan window.
- Changes to the plan mainly relate to 2016/17 timing changes of spending by agencies in relation to projects that are self-funded by own source cash flows.

\$ millions	2017/18	2018/19	2019/20
<i>Budget 2017</i>	4,804	4,491	4,398
Changes:			
Education sector	(94)	4	27
Health sector	313	(46)	177
Transportation sector	(140)	73	89
Other	<u>23</u>	<u>5</u>	<u>(13)</u>
July Update	4,906	4,528	4,679

Debt

- Improved operating results translate into lower debt levels and improved debt affordability metrics over the fiscal plan period. See Note 2C for more.

PROVISIONAL FISCAL PLAN UPDATE – CRF REVENUE

Consolidated Revenue Fund (CRF) revenue comprises about 75 to 80 per cent of total government revenue. CRF revenue does not include:

- vote recoveries (offsetting revenues and expenses do not impact the bottom line);
- direct own-source revenues collected by SUCH sector and other taxpayer-supported Crown corporations and agencies; and
- net income of commercial Crown corporations.

2016/17 results

Preliminary 2016/17 CRF revenue (excluding contributions and dividends from commercial Crown corporations) of \$39.4 billion is \$387 million above the third Quarterly Report (Q3) forecast. The improvement is mainly due to higher revenue from personal income tax, provincial sales tax, insurance premium tax, forests, mining, bonus bids on leases of Crown land drilling rights and federal government contributions on disaster financial assistance program. Note that these estimates could change as OAG conducts its year-end audit process.

\$ millions	Budget 2016	Q3 Forecast	Preliminary Actual	Q3 to actuals	Budget to actuals
Taxation revenue					
Personal income tax	8,216	9,598	9,704	106	1,488
Sales tax	6,289	6,537	6,599	62	310
Insurance premium tax	520	530	549	19	29
All other taxes	8,581	9,544	9,535	(9)	954
Total taxation revenue	23,606	26,209	26,387	178	2,781
Natural Resource Revenue					
Forests	789	836	889	53	100
Minerals - coal	36	176	238	62	202
Minerals - metals & other	21	19	39	20	18
Bonus Bids	633	623	633	10	-
All other natural resources	719	756	764	8	45
Total natural resource revenue	2,198	2,410	2,563	153	365
Other Revenue					
Medical Service Plan premiums	2,479	2,459	2,492	33	13
MSP doubtful accounts	(149)	(161)	(150)	11	(1)
All other fees	901	922	926	4	25
Investment earnings	84	52	42	(10)	(42)
Miscellaneous	464	436	399	(37)	(65)
Total other revenue	3,779	3,708	3,709	1	(70)
Federal contributions	6,634	6,650	6,705	55	71
Total CRF revenue	36,217	38,977	39,364	387	3,147

Update from Budget 2017

- The updated CRF revenue forecast shows improvements compared to *Budget 2017* across the fiscal plan period.
- Based on June 2017 updates, a \$458 million increase is expected in 2017/18 and approximately \$175 to \$265 million increase is expected in outer years. This increase mainly reflects higher taxation revenue partly offset by lower natural resource revenue.
- A portion of the \$106 million improvement in personal income tax revenue represents one-time revenue in 2016/17 that will not carry forward.
- Improved mining revenues are mainly due to higher coal prices reflecting mine closures in Australia and China. It is not expected that these supply constraints will continue. There is some carry-forward impact due to stronger metal prices that offset lower coal revenue.
- Improved forest revenues mainly due to higher stumpage rates are not expected to carry forward as the impacts of trade sanctions imposed by the US will have negative consequences for the BC forestry industry. The consequences may be somewhat mitigated due to the current high lumber prices,
- In addition, the revenue update includes an estimate of the revenue impacts resulting from the June survey of the Economic Forecast Council (EFC). The EFC will be re-surveyed in July, and the Ministry's economic forecast will be updated in August.

CRF revenue changes from Budget 2017

\$ millions	2016/17	2017/18	2018/19	2019/20
Personal income tax ¹	106	75	81	84
Corporate income tax ²	1	102	(83)	22
Provincial sales tax	62	73	72	75
Insurance premium tax	19	35	35	40
Property transfer tax ³	1	150	139	137
Other taxes	(11)	(17)	(15)	(12)
Total taxes	178	418	229	346
Bonus bids	10	7	7	7
Mining revenues ⁴	82	56	(11)	(21)
Forest revenues ⁵	53	(11)	(84)	(101)
Other natural resources	8	(13)	24	20
Total Natural Resources	153	39	(64)	(95)
All other CRF sources	56	1	11	15
CRF revenue update	387	458	176	266
Estimated EFC survey impacts ⁶		145	315	406
Total CRF revenue update		603	491	672

¹ A portion of higher PIT revenues is a one-time prior-year adjustment.

² Updated corporate tax base and tax measures from federal government.

³ Stronger year-to-date results.

⁴ Mining revenue improvements due to coal (\$62M) and other mining (\$20M). Impacts of higher coal prices are not expected to continue.

⁵ Impacts of improved forest revenues in 2016/17 (mainly higher stumpage rates) offset by effects of the US trade sanctions on volumes and stumpage rates in outer years.

⁶ Estimated impacts of EFC survey of major economic indicators used as drivers for taxation revenue. This includes household income, net operating surplus, housing starts, nominal consumer expenditure components and real GDP.

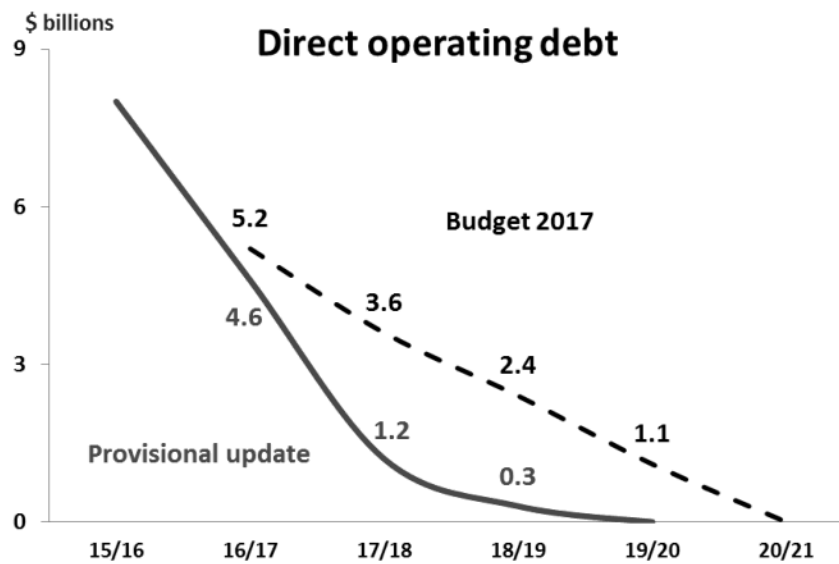
PROVISIONAL FISCAL PLAN UPDATE - DEBT

- The *Budget 2017* debt forecast has been updated to reflect carry forward impacts of the improved 2016/17 results and provisional forecast information.
- Overall, improved operating results and balance sheet translate into \$2.7 billion lower taxpayer-supported debt by the end of the fiscal plan period.

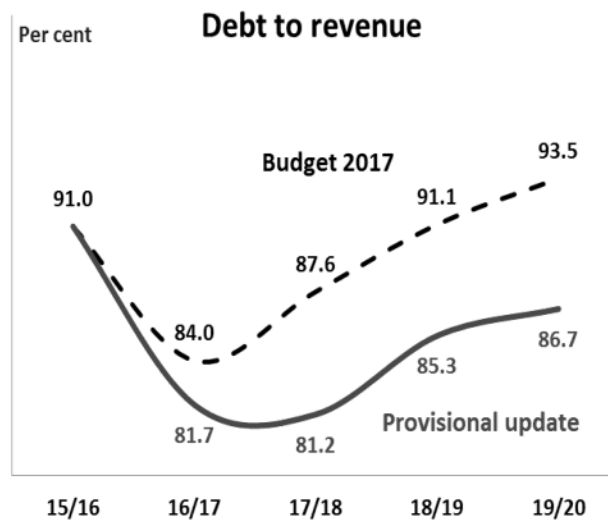
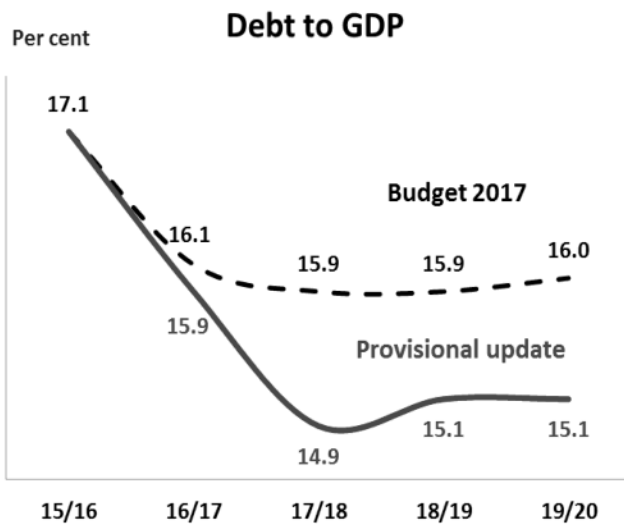
\$ millions	2016/17 (preliminary)	2017/18	2018/19	2019/20
Budget 2017				
operating debt	5,167	3,609	2,350	1,066
capital	36,860	39,693	42,834	46,135
Taxpayer-supported debt	42,027	43,302	45,184	47,201
<i>Debt to GDP</i>	16.1	15.9	15.9	16.0
<i>Debt to Revenue</i>	84.0	87.6	91.1	93.5
Changes				
Operating	(523)	(2,610)	(2,650)	(3,311)
Capital	2	(171)	(149)	(140)
total	(521)	(2,781)	(2,799)	(3,451)
Updated fiscal framework				
Direct operating	4,644	999	(300)	(2,245)
Capital	36,862	39,522	42,685	45,995
Taxpayer-supported debt	41,506	40,521	42,385	43,750
<i>Debt to GDP</i>	15.9	14.9	15.0	14.9
<i>change from B2017</i>	(0.2)	(1.0)	(0.9)	(1.1)
<i>Debt to revenue</i>	81.7	80.7	84.2	85.1
<i>change from B2017</i>	(2.3)	(6.9)	(6.9)	(8.4)

- The improvement is seen mainly in government's operating debt balance declining faster. This is due to a combination of improved Consolidated Revenue Fund operating results totalling \$1.2 billion over the fiscal plan period, as well as favourable balance sheet changes totalling \$1.2 billion.
- The balance sheet improvements are due to (i) lower 2016/17 ending debt, (ii) higher ending cash balance available for debt repayment going forward, and (iii) accelerated liquidation of the Long Term Disability Fund investment liquidation (improves 2017/18 only)¹.
- In combination, a lower opening operating debt balance due to 2016/17 improvement, and ongoing benefits of higher CRF revenue streams, result in operating debt elimination by the end of 2019/20, one year ahead of the *Budget 2017* forecast.

¹ Beginning in 2017/18, the Long Term Disability Fund has moved into the CRF as a new special account. Approximately \$630 million in investments have been liquidated and applied to government's borrowing requirements. Higher final ending investment balances, and faster liquidation (all in 2017/18 instead of spread over two fiscal years as assumed in Budget 2017), results in a onetime reduction in 2017/18.



- Taxpayer-supported capital debt reflects a small change due to 2016/17 year-end results. This track is expected to change as the capital plan updated for the first Quarterly Report.
- Resulting lower levels of taxpayer-supported debt results in improved debt-to-GDP and debt-to-revenue metrics across the fiscal plan period.



ECONOMIC UPDATE – JULY 13, 2017

Global Consensus Outlook for 2017 and 2018

- On the external front, the outlook has remained fairly stable since the beginning of the year, with the Consensus increasing its 2017 and 2018 forecasts for China, Japan and the Euro zone.
- The Consensus outlook for the US in 2017 is slightly lower than expected earlier in the year, reflecting a weak first quarter GDP release, while the outlook for 2018 is unchanged.
- Meanwhile, the Consensus outlook for Canada in 2017 has improved considerably on the strength of recent economic data, while the outlook for 2018 has declined slightly. Uncertainty regarding US fiscal and trade policy is expected to weigh on the US outlook until policy details become known, and this could have implications for Canada given the trade linkages. Note that the July Consensus survey was conducted before the Bank of Canada's July 12th rate increase.
- The Ministry of Finance February 2017 Budget outlook for the external economies remains prudent compared to the July 2017 Consensus, and the Ministry will be updating its outlook for the Budget Update.

<i>External outlook</i>				
Consensus Economics Outlook Real GDP Growth (% Change)		2017	2018	Trend
US	January 2017	2.3	2.3	↕↔
	July 2017	2.2	2.3	
Canada	January 2017	2.0	2.0	↑↓
	July 2017	2.7	1.9	
China	January 2017	6.4	6.1	↑↑
	July 2017	6.6	6.3	
Japan	January 2017	1.1	0.9	↑↑
	July 2017	1.4	1.1	
Euro zone	January 2017	1.4	1.5	↑↑
	July 2017	1.9	1.7	

Source: Consensus Economics

BC Employment

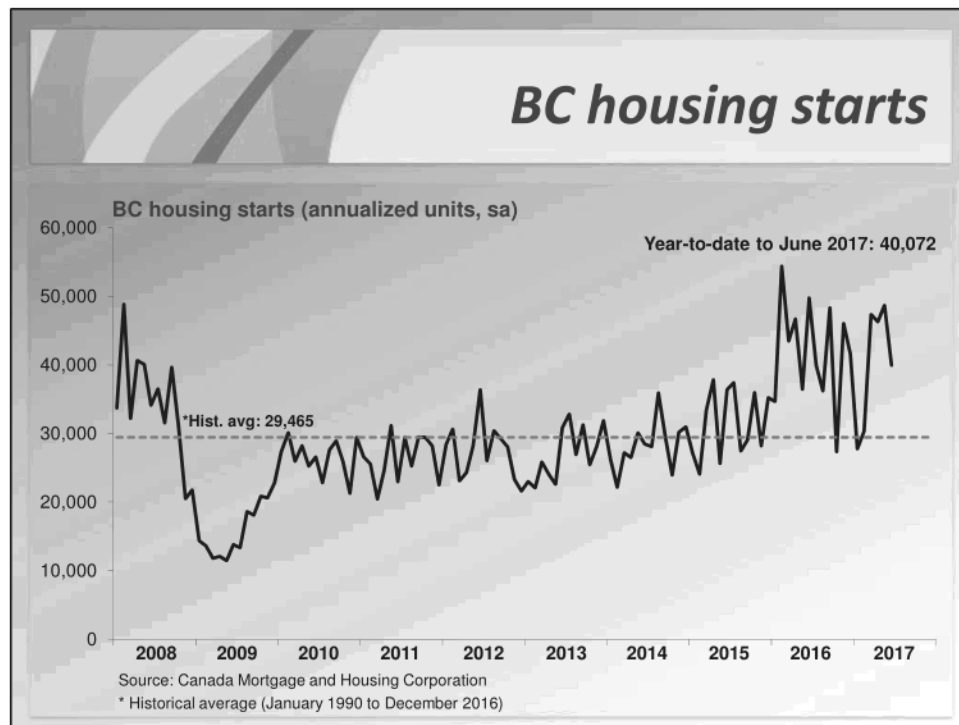
- Employment growth in BC has been strong so far in 2017, with year-to-date employment gains of about 88,750 jobs (3.8 per cent) in the first six months of 2017 compared to the first six months of 2016.
- The year-to-date gains have been in full-time jobs (up 70,333 jobs or 3.8 per cent), and part-time jobs (up 18,450 jobs or 3.6 per cent).

- BC's unemployment rate averaged 5.4 per cent in the first six months of 2017, down 0.8 percentage points from the 6.2 per cent unemployment rate observed during the same period last year.



BC Housing Starts

- Following elevated levels of activity over the past couple of years, the BC housing market is experiencing a period of moderate year-to-date activity so far in 2017. However, the downward trend in home sales and average prices that began in the spring of 2016 seems to have subsided with month-over-month activity levels resuming their upward trend in recent months. Furthermore, while construction activity is down on a year-to-date basis, housing starts remain above the historical average.
- BC housing starts averaged 40,072 units in the first six months of 2017 (down 9.4 per cent compared to the same period a year ago), and are currently above the historical average of 29,465 annualized units (based on the average of monthly data from January 1990 to December 2016).
- BC MLS home sales and average prices are also down, with year-to-date (to May) declines of 22.6 per cent and 8.5 per cent, respectively.



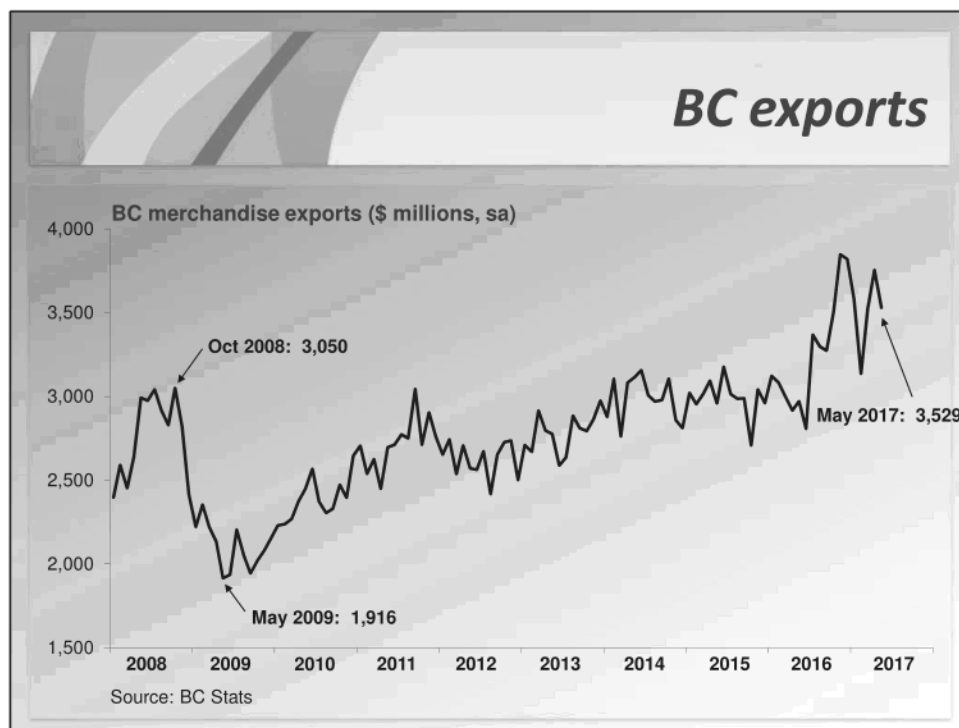
BC Retail Sales

- Following three consecutive years of strong consumer spending, momentum in BC retail sales has continued with year-to-date growth of 7.2 per cent in the first four months of 2017, compared to the same period of 2016.
- Consumer spending is being supported by strong employment growth, increased tourism, and low interest rates.



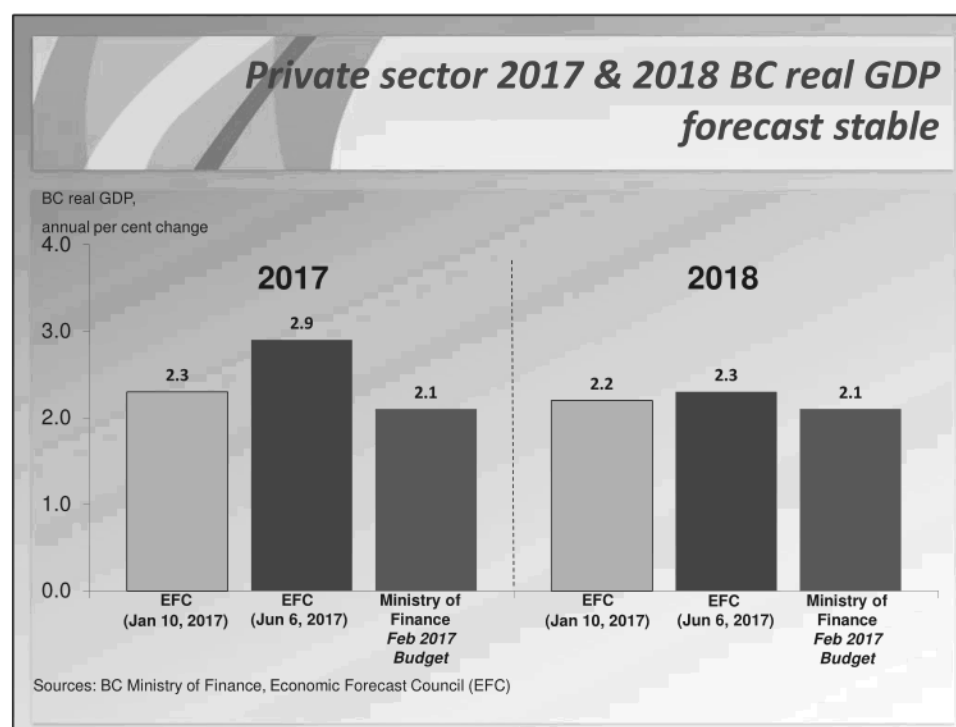
BC Exports

- After a subdued first half of 2016, the value of BC international merchandise exports expanded rapidly in the second half of the year, and as a result was 8.6 per cent higher in 2016 compared to 2015.
- In the first five months of 2017, BC exports rose 16.1 per cent compared to the same period of 2016, with gains concentrated in exports of energy products.
- BC export market activity may experience some instability over the coming years due to ongoing global economic uncertainty associated with a number of factors. Some factors include the possibility of shifting trade policies in the US (limiting access to BC's largest market), the potential for further slowing and rebalancing of the Chinese economy, and fluctuations in commodity markets.



Private Sector 2017 and 2018 Real GDP Forecast for BC

- In anticipation of a Budget Update, Ministry of Finance staff re-surveyed the Economic Forecast Council (EFC) on June 6, 2017. The EFC is an appointed body of independent economic experts from 13 private sector organizations.
- The revised EFC surveys show that expectations for the BC economy in 2017 have improved considerably. The EFC average BC real GDP outlook for 2017 was revised up by 0.6 percentage points, from 2.3 per cent growth to 2.9 per cent. For 2018, the EFC revised the average BC real GDP outlook up by 0.1 percentage points, from 2.2 per cent growth to 2.3 per cent.
- The Ministry of Finance will be updating its economic forecast for the Budget Update, and the EFC will be provided with the opportunity to update their forecasts in July.



BC Real GDP (as of February 2017)

	2017	2018	2019	2020	2021
Ministry of Finance (Feb 2017 Budget)	2.1	2.1	2.0	2.0	2.0
Economic Forecast Council (Jan 10, 2017)	2.3	2.2	2.1	2.1	2.1
Prudence	-0.2	-0.1	-0.1	-0.1	-0.1

BC Real GDP (as of June 6, 2017)

	2017	2018	2019	2020	2021
Ministry of Finance (Feb 2017 Budget)	2.1	2.1	2.0	2.0	2.0
Economic Forecast Council (Jun 6, 2017)	2.9	2.3	2.1	2.1	2.1
Prudence	-0.8	-0.2	-0.1	-0.1	-0.1

Key Economic Risks

- Risks to the BC economic outlook continue to be weighted to the downside. Below are the main risks to the current outlook.
- Potential for a slowdown in **domestic and Canadian** economic activity.
 - On July 12, 2017, the Bank of Canada (BOC) raised its target for the overnight rate by 25 basis points to 0.75 per cent, on the strength of recent economic data. While the rate increase was widely anticipated by markets, it remains to be seen whether rates will be hiked further in the coming months. Despite continued growth in the global economy, the BOC cautioned that elevated geopolitical uncertainty still clouds the global outlook, particularly for trade and investment.
 - Meanwhile, the US administration's trade policies could be significant for Canada, since the US is Canada's largest trading market.
- Uncertainty regarding **US** fiscal and trade policy.
 - The 2017 Consensus outlook for the US economy is lower than expected earlier this year, reflecting a weak first quarter GDP release. However, private sector analysts noted that temporary factors held back GDP in the first quarter, including unseasonable weather and late tax refunds which both impacted consumer spending. Going forward, there are downside risks that uncertainty associated with US fiscal and trade policy will weigh on the US economy.
- Fragility in **Europe**.
 - In the euro zone, high unemployment in many countries, ongoing sovereign debt issues, uncertainty associated with Brexit and uncertainty surrounding upcoming elections in major economies such as Germany continue to cloud the outlook.
- Slower than anticipated economic activity in **Asia** resulting in weaker demand for BC's exports and downward pressure on global commodity prices.
 - **China** is transitioning to slower growth, following double-digit growth rates in the previous decade. In March 2017, the Chinese government lowered the annual growth target to "around 6.5 per cent" from the previous target of 6.5 to 7.0 per cent annual growth (adopted in China's 2016-2020 Five Year Plan that was released in November 2015).
 - Economic activity in **Japan** remains relatively weak, and despite large-scale fiscal stimulus and highly accommodative monetary policy, price inflation in Japan remains subdued.

APPENDIX A – Table of Economic Indicators

British Columbia Economic Indicators (recent changes, new or revised, are in bold)							Data to July 7, 2017					
	Latest data available			Month-over-previous-month	Apr-Jun over Jan-Mar average ¹		Current month over same month of previous year			Year-to-date average		
	Per cent change (unless otherwise noted)											
Employment ²	2,486	(thousand jobs)	June	+0.8	+1.5	+4.4	+3.8					
		(jobs)		+19,700 ³	+35,333 ³	+104,300 ³	+88,750 ³					
Unemployment rate ²	5.1	(per cent)	June	-0.5 ¹⁰	+0.0 ¹⁰	-0.8 ¹⁰	-0.8 ¹⁰					
Manufacturing shipments ²	4,021	(\$million)	April	+1.2	+2.5	+8.8	+7.0					
Exports ²	3,529	(\$million)	May	-6.0	+6.7	+18.8	+16.1					
Retail sales ²	6,836	(\$million)	April	+0.3	+1.7	+7.1	+7.2					
Housing starts ⁵	48,287	(units)	May	+5.2	+34.0	+32.5	-7.5					
Non-residential building permits ²	330	(\$million)	May	-3.5	+20.7	+8.3	-1.1					
Consumer price index ⁶	125.0	(2002=100)	May	+0.5	+0.7	+1.9	+2.1					
Forecast Status												
	Latest Government Forecast (February 2017)			Current Forecasts								
	2016	2017	2018									
	Per cent change (unless otherwise noted)			Per cent change (unless otherwise noted)								
British Columbia Real GDP	3.0 ^a	2.1	2.1	BC Real GDP (Economic Forecast Council) ⁸					3.6	2.9	2.3	
US Real GDP	1.6 ^a	1.9	2.1	US Real GDP (Consensus Economics)					1.6 ^a	2.2	2.4	
Canada Real GDP	1.2 ^a	1.6	1.8	Canada Real GDP (Consensus Economics)					1.5 ^a	2.5	2.0	
Cdn 3-mth treasury bills (%)	0.5 ^a	0.5	0.7	Cdn 3-mth treasury bills (%) (private sector average) ⁹					0.5 ^a	0.5	0.9	
Exch. Rate (US cents/C\$)	75.4 ^a	73.7	75.3	Exch. Rate (US cents/C\$) (private sector average) ⁹					75.4 ^a	74.1	75.5	
SPF 2x4s (US\$/000 bd ft)	308 ^a	326	318									
Provincial Key Economic Indicators												
	Retail Sales ²	Housing Starts ⁵	Non-Res. Building Permits ²	Exports ⁶	Manuf. Ships. ²	Employ. ²	Unemploy. Rate ^{2,4}	Avg. Weekly Wage Rate ⁶	Consumer Price Index ⁶	Real GDP ¹¹ for 2016 ^a	Real GDP Forecast ⁷ for 2017	Real GDP Forecast ⁷ for 2018
Data to:	Apr	May	May	May	Apr	Jun	Jun	Jun	May			
	Year-to-date per cent change (unless otherwise noted)											
British Columbia (rank in parentheses)	+7.2 (2)	-7.5 (9)	-1.1 (7)	+23.7 (3)	+7.0 (7)	+3.8 (1)	5.4 (1)	+0.5 (7)	+2.1 (3)	3.7 (1)	2.9 (2)	2.2 (2)
Alberta	+6.9	+21.4	-20.9	+45.7	+15.4	+0.7	8.1	-0.2	+1.8	-3.8	3.0	2.5
Saskatchewan	+5.2	+8.2	+6.1	+16.6	+16.0	+0.2	6.2	-0.1	+1.2	-1.0	2.0	2.1
Manitoba	+3.0	+88.5	-32.7	+1.4	+1.3	+1.0	5.6	+2.2	+1.7	2.4	2.2	2.0
Ontario	+6.9	+10.3	+4.3	-0.5	+2.1	+1.3	6.3	+0.1	+2.0	2.6	2.8	2.1
Quebec	+6.6	+16.2	+3.0	+8.4	+9.1	+2.3	6.3	+2.9	+1.0	1.7	2.2	1.7
New Brunswick	+4.1	-2.2	+55.0	+20.6	+9.1	+1.0	8.6	+4.9	+2.8	1.4	1.2	0.9
Nova Scotia	+4.2	+51.8	+43.3	+0.8	+0.7	+0.8	8.2	+2.6	+1.1	0.9	1.3	1.1
Prince Edward Island	+9.2	+70.6	+112.5	+7.1	+10.6	+3.0	10.1	+2.2	+1.7	2.4	1.5	1.3
Newfoundland & Labrador	+2.4	-38.0	-3.1	+46.3	+24.8	-3.5	14.4	+5.3	+3.9	1.9	-1.6	0.4
Canada	+6.5	+11.0	-3.2	+12.3	+6.0	+1.6	6.6	+0.9	+1.7	1.3	2.7	2.0
¹ Compares the average of data for the second quarter of 2017 to the first quarter of 2017.				² An average of IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, and CIBC.								
³ Seasonally-adjusted data.				⁴ Average of the thirteen forecast council members: IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, CIBC, BC Real Estate Association, Conference Board of Canada, Central1 Credit Union, Business Council of BC, Laurentian Bank Securities, Stokes Economic Consulting, and National Bank as of June 6, 2017.								
⁵ Change in number of jobs over the period.				⁶ Average of IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, and CIBC as of May 16, 2017.								
⁷ Year-to-date unemployment rate.				¹⁰ Percentage point change.								
⁸ Seasonally-adjusted at annual rates.				¹¹ Real GDP for 2016 is based on Statistics Canada's GDP by Industry: Provinces and Territories (May 1, 2017).								
⁹ Not seasonally-adjusted data.												

Budget Development

Fiscal Framework and Target Setting (May to July)

- The annual budget process begins with the fiscal framework, which is presented to Treasury Board and Cabinet by the Minister of Finance.
- The fiscal framework outlines the current and future (usually three years) economic and fiscal profile. The framework includes projections for revenues, expenses, capital expenditures and debt for the government reporting entity.
- Using the fiscal framework as a guide, Treasury Board determines spending priorities, a forecast allowance and a preliminary government bottom line for each of the next three years. These decisions form the basis for the budget instructions to ministries and Crown agencies.
- The fiscal framework is updated periodically throughout the year and key updates occur when a new economic forecast is prepared.
- Government's expense targets are generally determined by solving for the difference between revenue forecasts, including Crown corporations' net income forecasts, and the desired bottom line.
- Debt forecasts are largely driven by the level of capital plan investments. Allocations to priority investment areas are considered within overall debt affordability (e.g. taxpayer-supported debt-to-revenue and debt-to-GDP ratios).

Budget Building Process (July to October)

- Budget Instructions are issued to ministries with direction on process, format and content. Separate directions on operating and capital processes may be provided. However, all operating funding requests are required to include reference to capital requirements and vice versa.
- The timeframe for operating requests is three years; however, government currently has a ten year capital plan.
- Ministry submissions are to include requests for any taxpayer-supported and commercial Crown corporations for which the Minister is responsible.

Budget Consultation (September to November)

Public documents

Budget Consultation Paper (by September 15), Select Standing Committee Report on Budget Consultations (by November 15)

- Under the BTAA, the Minister of Finance is required to release a pre-budget consultation paper on or before September 15; historically, this is released with the first Quarterly Report.

- The document includes a fiscal forecast, a description of the major economic and policy assumptions underlying the forecast and a summary of key issues affecting the next budget.
- As required by the BTAA, a Select Standing Committee is responsible for conducting consultations and publically report on the consultations by November 15 annually.

Treasury Board Review (September to December)

- Treasury Board Staff reviews the ministry and Crown agency submissions and provides recommendations to Treasury Board.
- Treasury Board reviews the submissions to determine appropriate funding for operating and capital requests.
- Decisions are usually completed by early December. A summary of operating funding decisions by ministry is presented to Treasury Board at the last meeting in December or in January.
- Commercial Crown corporations are generally required to make an annual budget presentation to Treasury Board.
- Treasury Board may consider funding requests under various methods (e.g., by funding envelopes based on key strategic categories, by ministry, etc.)

Minister of Finance – Tax Decisions (October to December)

- The Minister of Finance considers tax policy issues and proposed tax policy changes. Final decisions are made by the Minister in consultation with the Premier.
- To facilitate legislative drafting prior to Budget Day, most decisions are made by the end of December.

Economic Forecast Council (EFC) (November/December)

- The Economic Forecast Council meets to advise the Minister of Finance on the economic outlook for the BC and global economies.

Final Decisions (January)

- The Economic Forecast Council members are given an opportunity to update their forecasts in early January. This is used as a mechanism to disclose how the Ministry of Finance's economic forecast for British Columbia compares to the average of private sector forecasts developed around the same time.
- The Minister of Finance finalizes revenue projections and other revenue measures, and makes any additional/final operating and capital spending decisions.
- Final budget decisions are required approximately four weeks prior to budget day.

Budget Day (February)

Public documents

Main Estimates and Supplement to the Estimates; Budget and Fiscal Plan* (includes the economic and fiscal forecasts, and major capital project information; also usually includes the third Quarterly Report for the preceding year – see Budget Monitoring and Reporting section); Government's Strategic Plan (on or before the Main Estimates are presented to the Legislative Assembly); and ministry and Crown corporation Service Plans* (*required to be tabled with the Main Estimates)

- The BTAA requires the Minister of Finance to present the main estimates for the subsequent fiscal year to the Legislative Assembly on the third Tuesday in February each year (budget day).
- In years when there is a general election before the passage of the final *Supply Act* for that fiscal year, the main estimates must be presented to the Legislative Assembly no later than 90 days after the post-election appointment of the Executive Council.
- On budget day the Minister of Finance tables the following documents: the Budget and Fiscal Plan, the Estimates and Supplement to the Estimates, Government's Strategic Plan (required to be tabled on or before budget day), and ministries and Crown corporations Service Plans.
- If a Budget Measures and Implementation Act (budget related legislation) is required, first reading also occurs on budget day.

Budget and Estimates Debate (February to May) and Interim Supply (April to June)

- The budget debate begins shortly after budget day, with Estimates debate usually beginning in March and occurs over several months until the final *Supply Act* is passed.
- Interim Supply is usually passed during the last week in March to provide spending authority until the *Supply Act* is passed.
- If Estimates debate is not concluded before the Interim Supply is exhausted, a second Interim Supply Bill is tabled.

Meetings with Rating Agencies and Investor Tour (February – spring, and as required)

- Prior to the release of the Budget and Fiscal Plan, Quarterly Reports and the Public Accounts the Deputy Minister of Finance briefs each of the three main rating agencies by phone. In the event of any major fiscal or economic developments during the year, the Minister of Finance may be asked to participate in the calls with the rating agencies.
- Shortly after Budget day (except for budgets prior to an election), the Minister of Finance and Ministry Finance staff meet with the three main credit rating agencies

separately (Moody's Investor Services, Standard & Poor's, and Dominion Bond Rating Service). Ministry staff makes presentations in Victoria on the province's fiscal plan, economic outlook and debt and portfolio management strategy, and responds to the agencies' questions. The agencies rely on these meetings to determine their credit rating for the province.

- The Minister of Finance may undertake an investor tour of the major financial centres in North America (at minimum, Vancouver, Toronto and New York), generally scheduled over a one week period. The tour supports effective investor relations to help bolster and maintain the confidence of investors which results in continued direct and indirect investment, as well as stability in the province's borrowing spreads and ultimately lower borrowing costs.

Office of the Auditor General's Review of the Budget Process

- In April 2017, the Office of the Auditor General (OAG) released the *Budget Process Examination Phase 2: Forecasting for Operating Expense, Capital Spending and Debt* report. This is the second report that, alongside the *Budget Process Examination Phase 1: Revenue* report released in June 2015, reviewed all of the main components of the government's budgeting process.¹
- This independent and objective assurance of government's budget process concluded that the overall budget process is sound. The OAG also concluded that government had addressed all three recommendations from the first report.
- Government accepted both recommendations from the second report. These two recommendations focused on areas where government could improve the disclosure of budget information for readers: presentation of debt balances and key assumptions supporting significant changes in projected caseload trends for statutory programs.
- Additional information was provided in *Budget 2017* to better explain how provincial debt is presented in the budget, while the second recommendation will be taken into consideration and addressed in future budget processes.

Budget Reporting and Monitoring

Public documents

Quarterly Reports (by September 15, November 30, February 28); Public Accounts (by August 31); Annual Report on Government's Strategic Plan (by August 31); Annual Service Plan Reports for ministries and Crown corporations (by August 31); and Financial and Economic Review; Ministerial Accountability Report; and *Carbon Tax Act* revenue neutral reports.

- In addition to the fiscal plan status updates provided to Treasury Board and Cabinet in the June/July prior to setting targets, briefings on the status of the fiscal plan framework occur throughout the fall, and as needed over the year, in order to guide budget decisions and make adjustments for the current fiscal year.

¹ The OAG reports are available at the following links:

http://www.bcauditor.com/sites/default/files/publications/reports/OAGBC%20Budget%20Assurance%20Report_FINAL.pdf and http://www.bcauditor.com/sites/default/files/publications/reports/FINAL_Budget_Assurance_II.pdf.

- Under the BTAA, the Minister of Finance is required to make public quarterly reports by or on the following dates: September 15 (first Quarterly Report), November 30 (second Quarterly Report) and February 28 (third Quarterly Report). Historically, the third Quarterly Report has been included in the Budget and Fiscal Plan tabled to the Legislative Assembly on budget day.
- By August 31 each year, the BTAA requires reports on the preceding fiscal year as follows:
 - the Minister of Finance must make public the Public Accounts;
 - a minister must make public the Annual Report on Government's Strategic Plan; and,
 - ministers responsible must make public the Annual Service Plan Reports for ministries and government organizations.
- At the time the Public Accounts are presented to the Legislative Assembly, the Ministerial Accountability Report is published, detailing the individual and collective financial performance of cabinet ministers, and the performance results achieved by the Ministers of State.
- The Minister of Finance also presents to the Legislative Assembly plans, reports and statements related to the revenue-neutrality objectives of the *Carbon Tax Act*.
- The Public Accounts are reviewed by two committees of the Legislative Assembly (the Select Standing Committee on Public Accounts and the Select Standing Committee on Crown Corporations).
- In addition, the Ministry of Finance also publishes annually each summer, the British Columbia Financial and Economic Review (FER), a record of the annual and historic economic performance, and government and Crown corporation finances. The FER provides information on the following:
 - economic data and information on the preceding calendar year, as well as previous years;
 - data and information on government's financial position, revenues, expenditures, capital spending and debt for the preceding fiscal year, as well as previous years;
 - information on government's commercial Crown corporations (BC Hydro and Power Authority, BC Liquor Distribution Branch; BC Lottery Corporation, Insurance Corporation of BC, Columbia Power Corporation, Transportation Investment Corporation, and British Columbia Railway Company); and,
 - general and supplementary information on the Province of British Columbia (e.g., summary of tax changes for the current calendar year).

Budget Transparency and Accountability Act (BTAA) reporting requirements are summarized in the table below.

Public Requirement	Responsibility	Public Reporting no later than (annually unless otherwise indicated)
Budget Consultation Paper	Minister of Finance	September 15
Budget Consultation Report	Select Standing Committee	November 15
Budget (Main Estimates)*	Minister of Finance	<ul style="list-style-type: none"> • Third Tuesday in February; • 90 days after the post-election appointment of the Executive Council when there has been a general election before passage of the <i>Supply Act</i> for that fiscal year.
Government Strategic Plan	A Minister	On or before the date the Main Estimates are presented to the Legislative Assembly
Service Plans for ministries and government organizations	Minister Responsible	On the date the Main Estimates are presented to the Legislative Assembly
Quarterly Reports	Minister of Finance	September 15 – Q1 November 30 – Q2 February 28 – Q3 May 31 – for the preceding fiscal year if Estimates for the current year have not been presented to the Legislative Assembly.
Public Accounts	Minister of Finance	August 31
Annual Report on Government's Strategic Plan	A Minister	August 31
Annual Service Plan Reports for ministries and government organizations	Minister Responsible	August 31 or 5 months after an organization's fiscal year end
Report on estimated impact on forecast deficit or surplus when greater than \$25 million in any year of the fiscal plan, arising from a change in government composition or to accounting policy/standards	Minister of Finance	As soon as practicable after the change
Major Capital Projects (except if disclosure would be harmful)	Minister Responsible	Within one month after a commitment has been made

* Includes Main Estimates/*Supply Act* appropriations, economic and fiscal forecasts, statement of material assumptions and policy decisions underlying the forecasts, report on the advice of the Economic Forecast Council, signed statement by the Secretary to Treasury Board that the disclosure requirements have been met or an explanation of how requirements have not been met, a statement of adjustments in the final Supply Bill if the fiscal forecast is different than when the Minister believes is the most likely fiscal result, and information on major capital projects (total project cost greater than \$50 million).

On-going Budget Monitoring

Ministry Spending

Ministries are expected to manage all spending pressures, including costs related to the implementation of government commitments and priorities and to the achievement of performance targets, within existing ministry budget allocation and out year targets.

- Treasury Board Staff works closely with ministries to ensure that any risks to a ministry's budget or potential impacts on the fiscal plan are identified in a timely manner and that mitigation strategies are developed to ensure that ministry budget targets and government's bottom line are not compromised.

- Treasury Board Staff actively monitors potential ministry spending pressures, including statutory authority pressures, and the Contingencies vote throughout the year to ensure that action can be taken to manage those pressures and protect the fiscal plan.

Statutory Authority Pressures

A statutory appropriation is an authority to spend out of the Consolidated Revenue Fund through legislation and not a *Supply Act* (i.e. voted appropriation). The general rationale for statutory appropriations is to authorize unpredictable and hard to budget for expenditures that are important for public policy reasons (e.g., required for immediate health and safety or protection of property such as fighting wildfires or the provision of emergency services in response to natural disasters).

- TBS tracks potential statutory authority pressures to ensure the impact on the fiscal plan is known and can be managed. Statutory authority pressures that do materialize need to be managed within the overall fiscal plan, including the forecast allowance. In extreme cases, managing significant statutory authority pressures might require mitigations options like restricting access to the Contingencies vote and/or expenditure restrictions in other areas.
- Special Accounts also have statutory authority to make expenditures above the amounts published in the Estimates. A special account is an account in the general fund of the consolidated revenue fund where the authority to spend money from the account is located in an Act other than the *Supply Act*. Legislation specifies the dedicated revenue sources and eligible expenditures/specific purposes for each special account. Despite this statutory authority, ministries are directed to not increase a special account's expenses or financing transaction disbursements above the amounts approved in the Estimates without prior Treasury Board approval because of the potential impact on the fiscal plan.

Contingencies - Operating and Capital Project Reserves

The Contingencies vote provides for additional operating and capital 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 during the fiscal year.

- Budgets for caseload programs reflect reasonable estimates of demand and other factors such as price inflation. Ministries with caseload programs may also be provided access to the Contingencies vote rather than or in addition to a base budget lift to address uncertainty or risks associated with caseload forecasts.
- This balanced approach helps avoid potentially stranding appropriations in ministry votes if caseload risks do not materialize, while also protecting the fiscal plan through allocations against the Contingencies vote if actual caseload demand is higher than budgeted for.

- Ministries with demand driven programs (e.g. income assistance, K-12 enrolment, justice system) have potential caseload pressures identified and tracked against the Contingencies vote. These ministries are required to provide TBS with regular reporting (monthly or quarterly) as part of on-going budget management.

Commercial Crown Corporations, Taxpayer-supported Service Delivery Agencies and SUCH Sector Organizations - Fiscal Target Management

Government established the Taxpayer Accountability Principles² to strengthen accountability and promote cost control. These principles instil a common frame of reference to inform decisions and ensure that the actions taken and services provided meet public policy objectives established by government on behalf of the citizens of BC. All public sector organizations are expected to understand the responsibility they have to the citizens of BC and how it is complementary to the fiduciary duty to their organizations. The foundation of this work is the government's commitment to controlling spending and balancing the budget.

- Ministries are responsible for overseeing the financial position and operating results of commercial Crown corporations, service delivery agencies and SUCH sector organizations (school districts, universities, colleges and health authorities) that fall under their ministers' legislated responsibilities.
- Commercial Crown corporations are expected to meet or exceed their net income projections as identified in their three-year service plans as tabled with the main budget documents. If during the fiscal year, a commercial Crown corporation finds itself unable to meet its projections, the Crown corporation is expected to implement cost control measures to minimize the fiscal plan impact. The Crown corporation will be required to report on its cost control measures as part of its annual report to Treasury Board.
- Service delivery agencies and SUCH sector organizations are required to meet or exceed their financial targets as identified in their three-year service plans as tabled with the main budget documents unless prior Treasury Board approval is provided. Additionally, these agencies and organizations may not budget for a deficit in any year of the three-year fiscal plan. Under extenuating circumstances, ministries may seek an exception from this direction from the Chair of Treasury Board. This exception must be sought well in advance of any public announcement or release of public documents.
- Ministries with SUCH sector responsibilities are required to report quarterly to Treasury Board Staff on progress in achieving budget financial targets and to ensure their organizations will collectively meet bottom line, net expense and debt targets.
- In addition, all ministries are required to ensure the agencies and organizations for which they are responsible manage their capital projects within approved project budgets or previously approved envelopes, and where necessary develop strategies to ensure projects and envelopes remain within approved provincial funding limits.

² For detailed information about Taxpayer Accountability Principles, please refer to the following link: <http://www2.gov.bc.ca/assets/download/B613CF138959439D9A947CF3D586FE6B>.

POST-ELECTION BUDGET OPTIONS

- The final outcome of the 2017 general election will inform the timing of presenting new 2017/18 estimates and budget documents, as well as the need for, and timing of, a 2nd interim Supply Bill to authorize government spending beyond the amounts authorized by Supply Act (No. 1), 2017.

Post-Election Budget timeframe constraints

- The timing of a post-election budget is constrained by the following factors:
 - The *Budget and Transparency Accountability Act (BTAA)* requires that a budget be tabled in the Legislature within 90 days after the new executive council (i.e. Cabinet) is sworn in. This timeframe began with the outgoing government's Cabinet OIC deposited on June 20th, resulting in a budget day on or before Monday, September 11th¹
 - The extent of the government reorganization resulting from the new Cabinet structure and assigned ministerial roles impacts the time needed to identify and complete the necessary budget transfers and new allocations. More complex reorganizations can take two months or more to complete the determination and transfer of program budgets.
 - The BTAA has requirements ancillary to preparing and tabling a budget, including pre-budget consultation with an Economic Forecast Council, preparation of new service plans for the new ministries to be tabled with the budget, and a new multi-year strategic plan for government, which also must be tabled with the budget.
 - In the case of a deficit budget, an exemption from the balanced budget requirement in the *Balanced Budget and Ministerial Accountability Act* must be legislated and given Royal Assent prior to the budget being tabled in the legislature.
 - The juxtaposition of the BTAA requirement for a new budget within 90 days with another that a first Quarterly Report, including an updated forecast for the year, be released by September 15th.

Past election cycles

- After the 2001 election, the new administration brought in a budget on July 30th. The budget incorporated a relatively simple government reorganization and some additional program allocations. Major initiatives, such as Core Review and Crown corporation restructuring, were featured in the following year's budget.
- Following the 2005 and 2009 elections, the post-election budget was coordinated with the release of the first Quarterly Report. The timeframe for a mid-September Budget Day is shown in Scenario 2 in the attached chart.

¹ The 90 day requirement lands on Sunday, September 10th; the *Interpretation Act* allows this to move to Monday.

- Following the 2013 election, the returning government brought in a budget on June 27th. This faster timeframe was due to a largely 'status quo' budget reflecting a reorganization but no additional program allocations.
- Due to the delayed outcome of the 2017 election, a calendar with a September 11th Budget Day is shown in the attached chart.

Interim Supply

- In a typical non-election year in recent times, the interim Supply Bill will authorize spending of two-twelfths of the amount allocated for operating expenses in the Estimates for the fiscal year. This allocation is generally thought to be sufficient to fund government operations prior to the passing of final Supply Bill following the Estimates debate process.
- In an election year, the interim Supply Bill allocation for operating expenses is generally set at a higher level to allow the incoming government sufficient time to convene the House, table a new budget within the BTAA requirements, and have the House either pass a final Supply Bill or a further interim Supply Bill. An interim Supply Bill was passed in March 2017 [entitled Supply Act (No. 1), 2017] authorizing, among other things, the spending of six-twelfths of the amount allocated for operating expenses in the *Budget 2017* Estimates. These appropriations are expected to be exhausted around September 30, 2017.

Non-confidence vote

- British Columbia has not had a minority government since the 1950's. If a minority government results from the 2017 general election, there are several possibilities for a non-confidence vote in the House. Confidence matters are a question of convention, not legislation or procedure.
- Both the Throne Speech and Budget are confidence matters. Motions related to either may be defeated, resulting in the loss of confidence. Alternatively, an Opposition motion of non-confidence could come in the form of an amendment to the Throne Speech or Budget. Upon the government being defeated on a confidence matter, the convention is for the government to resign or ask for dissolution of the House².
- Historically, only five governments in B.C. have lost confidence votes, all in the early years of the province (1872-1900) before the establishment of political parties³.

September Budget Updates and the First Quarterly Report

- Coordinating the post-election Budget Day with the release of the first Quarterly Report yields the following benefits:

² Staff advice, Office of the Clerk, May 11, 2017. The Speech from the Throne is parliamentary convention and is not statutorily required. British Columbia has never had an opening of a legislative session without a Throne Speech. Although Throne Speech debate has taken place, it has not gone to a vote since 2008

³ Ibid.

- The initial Orders-in-Council (OIC) implementing a new Cabinet structure is generally drafted by central agency staff; as ministries evaluate the OIC, they identify unintended consequences and recommend adjustments. A longer pre-Cabinet period enables more review of the initial OIC, resulting in fewer amendments.
- It provides more time for government to review and finalize any new budget allocations.
- In the event of a deficit budget, it provides more time to properly draft the BBMAA exemption requirements that must be passed and given Royal Assent before the budget is tabled.
- It avoids a potential discrepancy between the budget projection for the year and the BTAA requirement for an updated forecast for the year in the first Quarterly Report.

Potential discrepancy between late summer budget and first Quarterly Report

- In the past there has been some confusion as to when the provincial budget actually is passed. Unlike the federal process, where the budget and the Estimates are presented, debated and passed separately in Parliament, in British Columbia what is passed are the voted appropriations contained in the Estimates for the coming fiscal year, not the larger Budget and Fiscal Plan (which is a detailed outline of the financial side of government's three-year strategic plan, BTAA s.12).
- Therefore, while the budget goes through various stages – i.e. introduction of the Estimates with a budget speech, budget speech debate, motion to go to Committee of Supply, etc. – the budget is not actually passed until the voted appropriations in the Estimates are approved in the final Supply Act. This generally occurs three months after the budget is tabled in the Legislature.
- The budget's projected surplus or deficit for the year is included in the front schedules in the Estimates along with any adjustment to that amount for a forecast allowance (BTAA s.5(2)(b); s.7(1)) and in the preamble to the final Supply Act (BTAA s.7(2)).
- If a change to the forecasted results set out in the Budget and Fiscal Plan is included in a first Quarterly Report after the budget is tabled, but prior to passing final Supply, and that change is so significant that the voted appropriations in the Estimates no longer adequately set out the government spending requirements, the presentation of Revised Estimates might be considered.

Use of Special Warrants

- In the event of the defeat of the government through a non-confidence vote, there is a risk that the current appropriations in Supply Act (No. 1), 2017 may be insufficient to fund government operations while either another general election is held or if, instead of an election, members of a new party or group of parties form a government, before a further Supply Bill can be passed at the instance of the new government. In these events, the *Financial Administration Act* (s.24) permits the use of Special Warrants to provide spending authority provided the House is not sitting and within the timeframes set out in that section.
- In the case of a new election, the requirement in section 24 that the House not be sitting will be met because the House is dissolved during general elections. In the case of members of a new party or group of parties forming the government, whether the House is sitting or not, will be the

choice of the new government. Whether or not the timeframes in section 24 applicable to Special Warrants reset in the case of a new government being formed after a non-confidence vote in an old one is not a settled question. Legal advice should be sought on the question if the circumstance actually arises.

- Special Warrants are authorized by the Lieutenant Governor based on the report of an appropriate Minister, and on the recommendation of Treasury Board. Special Warrants have not been used since 1999.

Budget Update timeframes - September 11th Budget Day

Week of . . .			05-Jun	12-Jun	19-Jun	26-Jun	03-Jul	10-Jul	17-Jul	24-Jul	31-Jul	07-Aug	14-Aug	21-Aug	28-Aug	04-Sep	11-Sep	18-Sep	25-Sep
Interim Supply No. 1	Done	RA March 16th																	
Interim Supply No. 2	outstanding																		
Liberal Cabinet OIC (BTAA 90 day budget timeframe starts)		Jun 12, 2017		◆															
Government reorganization, revenue & spending decisions																			
Resurvey Economic Forecast Council	Due	Jul 17, 2017							◆										
Ministry/Crown corporation and agency forecasts due											◆	◆							
Finalize economic forecast		Aug 9, 2017										◆							
Finalize revenue forecast/fiscal framework																			
Prepare Estimates documents	Due to QP	Aug 24, 2017												◆					
Prepare B&FP (including Q1 Report)	Due to QP	Sep 1, 2017																	
Throne Speech		Aug 31 - Sept 5													◆	◆			
Prepare Budget 2018 Consultation Paper	Due to QP	Sep 6, 2017														◆			
BCP to Standing Committee		Sep 8, 2017														◆			
Finalize budget materials	Friday,	Sep 8, 2017														◆			
Budget Day		Sep 11, 2017															◆		
Interim Supply No. 2	Royal Assent by	Sep 28, 2017																	◆
Estimates debate, final Supply Act passage		mid December																	→



Ten Year Capital Plan Update Process

Prepared for the Advice of the Chair of
Treasury Board

Capital Plan Overview – Types of Taxpayer-Supported Investments

1. Priority Investments: major renewals, replacements or expansions of assets
2. Routine Capital: maintenance of existing assets
3. IM/IT Transformation and Maintenance
4. CRF Capital Contingencies (~\$60M/year): reserves to address priorities and pressures that arise

Capital Plan Update Process

Budget 2017 approach:

- Requested submissions from major capital ministries:
 - Accommodate confirmed government commitments and pressures within notional targets, consistent with current capital and fiscal plans.
 - Identify links to key Gov't priorities – e.g. BC Jobs Plan
- TBS conducted a process to determine Consolidated Revenue Fund capital spending.

Capital Plan Update Process - Timelines

- Capital Budget Instructions sent to ministries (Sept).
- Ministries update their 10 year capital plans within current spending targets at Q2 (Nov).
- Capital plans reviewed by the Deputy Ministers' Committee on Capital (Nov).
- The consolidated capital plan is approved by Treasury Board (Dec).
- If needed, Gov't considers any additional spending/debt management strategies to meet fiscal plan targets (Jan).

Project Approvals

- Priority Investment projects go through a risk-based review and approval process
- Treasury Board approvals may include:
 - **Concept Plan**
 - **Business Case, including procurement method**
 - **Term Sheet/Contract terms**
 - **Report Backs**

Capital Plan Overview – Key Policy and Reporting Requirements

- Project boards established to oversee capital projects above \$20 million with a high degree of risk and complexity.
- Projects over \$50M are individually reported per BTAA legislation.
- Capital projects over \$100M are reviewed to determine potential for P3 procurement.
- Capital Asset Management Framework (CAMF), a best practice guidance document.

Briefing on Macroeconomics

May 2017



Trusted financial and economic leadership for a prosperous province

Why is economics important to the Finance Minister?

The Minister of Finance is the government's main spokesperson for the economy.

The Minister is responsible for:

- 3 year fiscal plan;
- Government economic and revenue forecasts; and
- implementation and review of government's economic, fiscal and taxation policies.

Why is economics important to the Finance Minister?

To accomplish these tasks, the Minister must have knowledge of:

- a framework for economic analysis;
- the relationship between the economy and the fiscal plan; and
- economic forecasting and economic analysis.

Two types of GDP

- Gross Domestic Product (GDP): value of all final goods and services produced within an economy
- Nominal GDP (\$250 billion in 2015)
 - Value of all goods and services produced at current price levels: affected by inflation.
 - Useful for measuring costs and revenues.
- Real GDP (\$231 billion in 2015)
 - Value of all goods and services produced at a constant price level: not affected by inflation.
 - Useful for comparing economic performance from year to year.

Three approaches to measuring GDP

GDP is measured in three economic accounts

- **Expenditure Side:**

- total expenditure/demand (e.g. consumption, investment etc.)
- most commonly used by private sector analysts, forecasters and the Ministry of Finance as it is consistent with the income side and available in real and nominal dollars

- **Income Side:**

- total incomes earned in the economy (payments made to factors of production such as labour and capital)

- **Industry Side:**

- the sum of value added by each industry in the economy

Three approaches to measuring GDP



* Non-profit institutions serving households (e.g. churches, charities, clubs, etc.)

Expenditure side

Based on demand for goods and services

	Household Spending
+	NPISH* Spending
+	Government Spending
+	Investment
<hr/>	
=	Domestic Demand
+	Exports
-	Imports
<hr/>	
=	Gross Domestic Product

* Non-profit institutions serving households (e.g. churches, charities, clubs, etc.)

Prepared for the advice of the Minister of Finance

Income side

Payment made to factors of production

	Compensation of employees
+	Gross operating surplus
+	Gross mixed income
+	Taxes less subsidies
<hr/>	
=	Gross Domestic Product

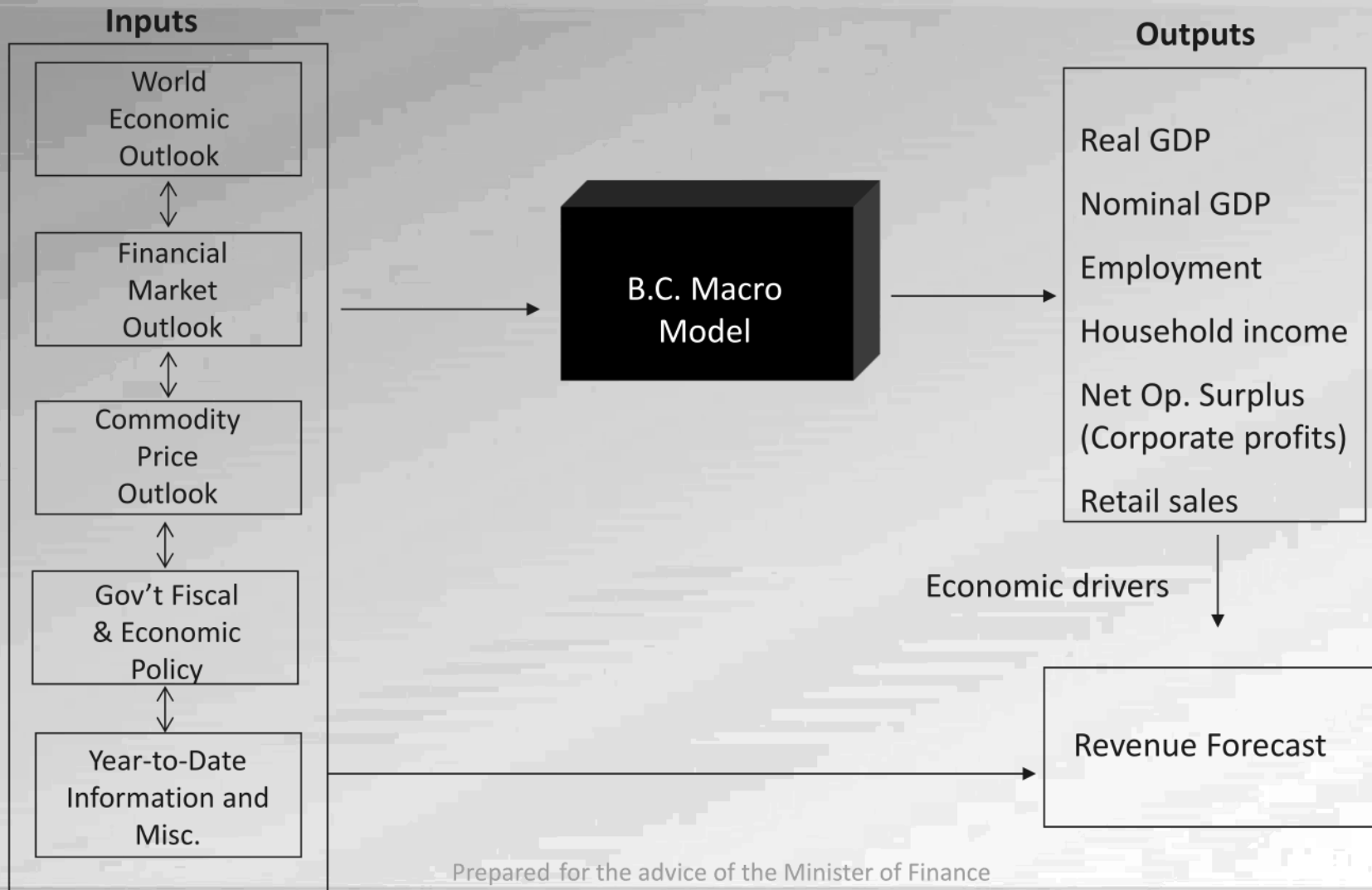
Economic forecast timeline

- 3 five-year forecasts created each year (2 public)
 - Budget (prepared in Jan for Feb release)
 - First Quarterly Report (prepared in Aug for Sep release)
 - November planning assumptions (internal only)
- Minister meets with the Economic Forecast Council before the Budget (usually in November or December)

Economic Forecast Council

- Currently 13 members (minimum of 10)
 - From private sector financial and research institutions
 - Appointed by the Minister of Finance to 3-year terms
 - Meet with the Minister before the Budget
- Surveyed on forecasts for high-level economic variables, such as real GDP
- Results of surveys and discussions are presented in the Budget as legislated by the BTAA
- Provides a benchmark for the public to compare with the government economic forecast

Economic forecasting process



Revenue drivers

Household Income → Personal Income Tax

Net Op. Surplus → Corporate Income Tax
(Corporate Profits)

Consumer Spending → Sales Tax

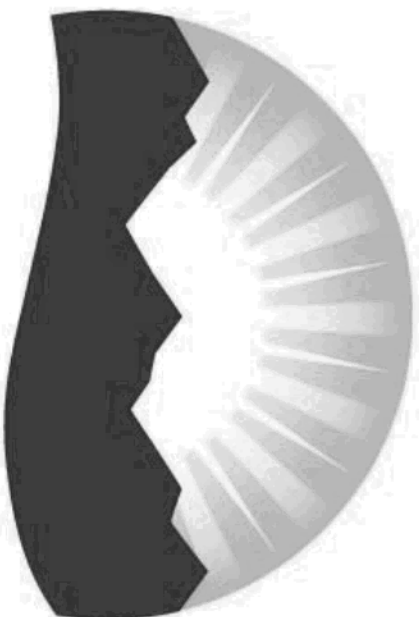
Lumber, natural gas, → Natural Resource Revenue
prices and volumes

Main external factors

- US GDP
- Canadian GDP
- China GDP
- US housing starts
- Canadian dollar
- Interest rates
- Spruce-pine-fir price
- Natural gas price

Economic monitoring and information

- Weekly:
 - summary of major data releases and economic events during the week
 - focus on trend, not monthly “noise”
 - includes a summary of current private sector provincial GDP, interest and exchange rate forecasts
 - generally released every Friday
- Labour Force Survey (LFS):
 - morning email summarizing the content of the monthly LFS data release
 - popular media topic
 - released the first or second Friday of the month
- Other:
 - timely email reports/briefing notes on irregular but significant data releases (e.g. provincial GDP) and global economic events



BRITISH
COLUMBIA

www.gov.bc.ca

Ministry of Finance

AN INTRODUCTION TO BC'S ECONOMY

Data as of May 19, 2017

An Introduction to BC's Economy

This paper describes some of the main characteristics of the BC economy. It includes:

- A brief history of the BC economy
- BC's current economic structure
- Recent trends in GDP and employment
- Information on regional employment

BC's economy then...

In the mid-1800s, BC was populated mainly by aboriginals and European settlers, many of whom were fishers, hunters, miners and loggers. When BC joined Confederation in 1871, its population was 36,000, accounting for just under one per cent of the national total. The share had doubled (to two per cent) by 1890. At the turn of the 19th century, three per cent of Canadians were living in BC.

BC's economy developed around the fur trade and the gold rush in the mid-1800s. The completion of the Canadian Pacific Railroad in 1885 helped bring the province into Confederation, as a transportation link was opened up between the west coast and the rest of Canada. This laid the foundation for further development of the economy.

In the early years, BC's economy was highly dependent on resource industries such as logging, mining, fishing and agriculture. Manufacturing activities were based on the processing of natural resources: canning Fraser River salmon, producing lumber and paper from trees harvested in the province's coastal and interior forests and extracting the province's rich mineral wealth. This dependence on primary industries helped forge an image of BC that persists to this day. However, service industries now account for most of BC's economic production and jobs.

BC's economy today

There were 4.8 million people living in BC in 2016. With 13 per cent of the Canadian population, it is Canada's third most populous province, after Ontario and Quebec. BC produced about 13 per cent of the country's total GDP as of 2016, based on preliminary GDP by industry data. Vancouver is home to more than two and a half million people, making it the third largest

metropolitan area in Canada (after Toronto and Montreal) and one of only six Canadian cities with a population in excess of one million. It has become an important financial and industrial centre, and with its location on the west coast of the country, it is also a major transportation hub.

BC's population is aging: about 34 per cent of British Columbians are currently under 30, and about 32 per cent are aged 55 or older. In recent years, immigration, especially from Asia, has been a major source of population growth. As a result, the Vancouver area, along with other parts of the province, is becoming more culturally and ethnically diverse.

BC's economy grew by an average annual rate of 2.5 per cent since 1981, slightly above the Canadian average of 2.4 per cent during this period.¹

BC's economy experienced two years of annual contraction since 1981, both brought on by major downturns in the global economy. The first occurred in 1982 (when BC's real GDP fell by 6.6 per cent), a result of a major US economic downturn. In the early 1980s, the US implemented contractionary monetary policy in an effort to slow rapidly rising inflation. The second annual decline took place in 2009 (a 2.4 per cent annual decline), in the wake of the 2008/09 global financial crisis. BC also saw very weak growth in 1991 (a 0.2 per cent increase), 1983 (a 0.6 per cent increase), and 2001 and 2008 (0.7 per cent increases in both years).

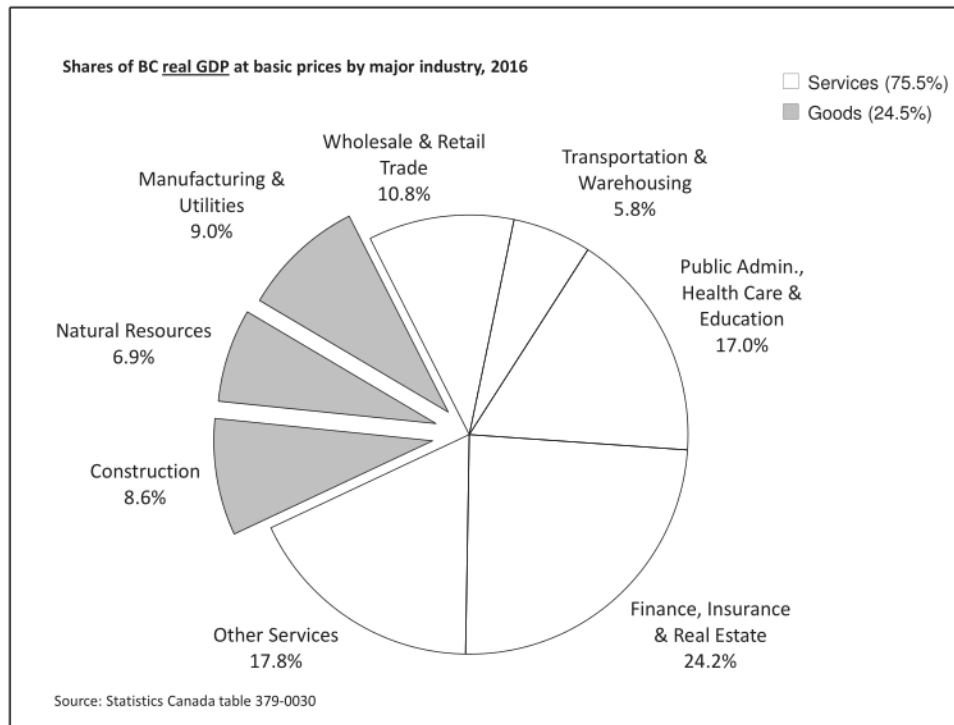
BC is a small, open economy and is therefore vulnerable to economic downturns in its major trading partners. However, over the past two decades, destinations for BC's exports have diversified, with a significant share going to Asian markets. This diversification has helped BC's economy to weather changes in demand from the US (BC's largest trading partner). In 2001, just 2.3 per cent of BC's total international merchandise exports went to China and 69.8 per cent went to the US. By 2016, however, 15.2 per cent of BC's total went to China and 54.3 per cent went to the US.

BC's current economic structure and recent trends in GDP and employment

Although BC has traditionally been viewed as largely focused on goods production, these industries now account for relatively small shares of total GDP and total employment. This represents quite a significant change from the early days of BC's economy when the goods sector played a much larger role in the economy. Service industries have made up at least two thirds of BC's economy since the 1980s, but their proportion of the total has gradually increased over the last 30 years.

¹ Calculation based on Statistics Canada Provincial Economic Accounts (1981-2015), expenditure-based GDP.

Shares of BC real GDP by industry (2016):



Goods sector

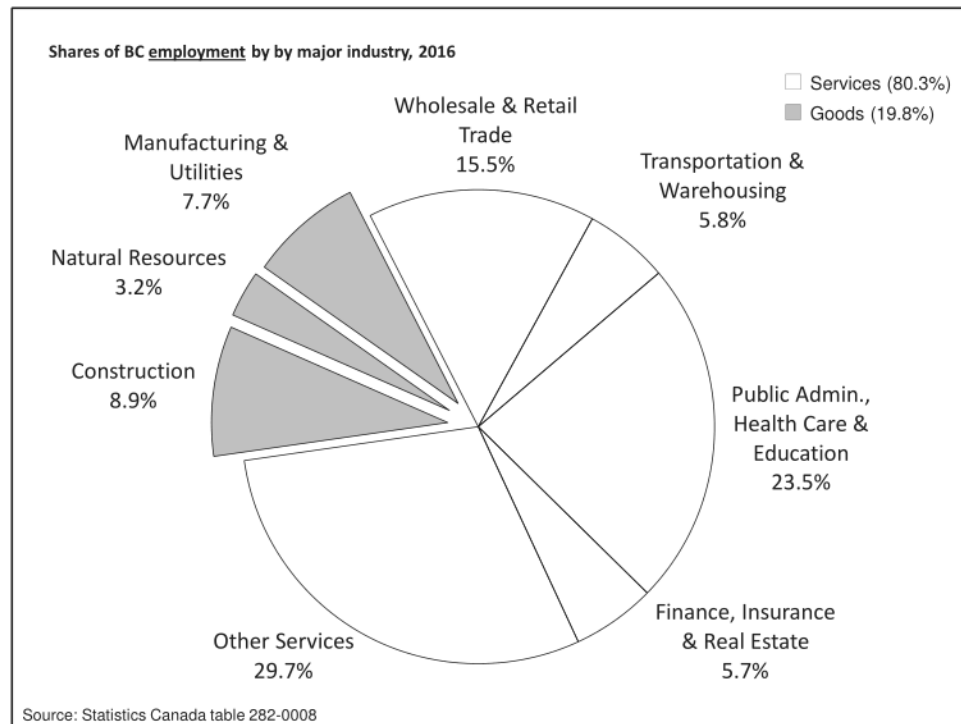
The goods sector produced about 24.5 per cent of BC's real GDP in 2016, down from about 31 per cent in 1981. It includes industries that most people are familiar with: agriculture, forestry, fishing, mining, quarrying, oil and gas, manufacturing, construction and utilities. Construction, and manufacturing and utilities produced the highest amount of GDP in the goods sector in 2016, with manufacturing and utilities accounting for 9.0 per cent of BC's total GDP and construction making up 8.6 per cent. These two sectors are also the biggest employers in the goods-producing sector, providing about 84 per cent of the jobs in BC's goods-producing industries. Primary resource extraction and harvesting (agriculture, logging, mining and fishing) are relatively small employers.

Services sector

The services sector produced about 75.5 per cent of BC's real GDP in 2016, an increase from about 69 per cent in 1981. The two biggest service industries are finance, insurance and real estate services (24.2 per cent of BC's total real GDP) and public administration, health care and social assistance, and educational services (17.0 per cent of BC's total real GDP). Public administration, health care and social assistance, and educational services (23.5 per cent of total employment in 2016) employs more people than the entire goods-producing sector. Wholesale and retail trade (15.5 per cent of total), transportation and warehousing (5.8 per

cent of total), and finance, insurance and real estate services (5.7 per cent of total) also employ many service sector workers.

Shares of BC employment by industry (2016):



Some service industries have close ties to goods production, providing transportation, wholesaling, retailing, insurance and other services to producers who must move their products to markets where they can be bought and sold. In some cases (for example, freight transportation), these industries would not exist, or would be greatly reduced in scope, without clients in the goods sector. At the same time, some goods industries would not be able to function the way they do without service industries to support them.

Goods or services: what drives economic growth in BC?

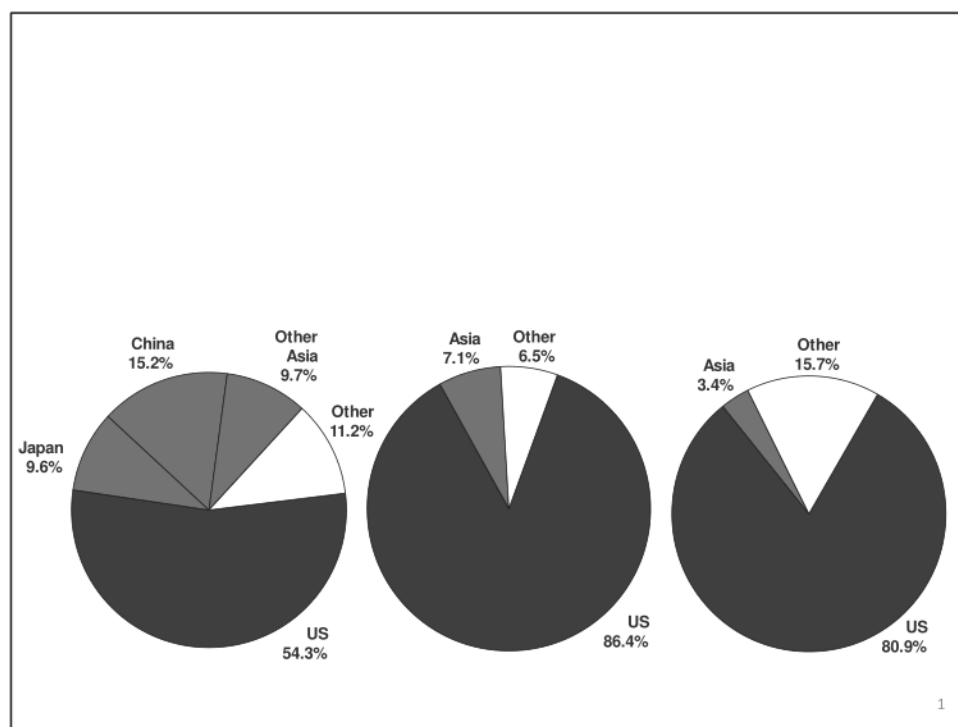
Given the role that resource-based goods industries played in the development of BC's economy—and the role they still play in some communities—it is not surprising that many people view the goods sector as the engine that drives the provincial economy. However, as the province has become increasingly dependent on service industries as a source of employment and economic growth, the degree to which goods industries determine our economic fortunes has been reduced.

The pace of economic growth in the goods sector is somewhat volatile, as these industries experience periods of relatively rapid growth and decline in response to changing world

demand for commodities such as wood, paper, metals, natural gas and other resource products. The services sector can be thought of as a buffer that insulates BC's economy from some of the volatility in the goods sector. Although less reliance on resource industries means we are not as likely to feel the full effect of downturns in world markets for resource-based products, it also means that when these markets are booming, the benefits are not as noticeable either. A highly service-oriented economy will usually experience steadier growth than one that is more reliant on volatile resource industries.

BC's trade diversity helps to shelter its economy from US downturns and allows BC to take advantage of rapidly expanding markets like China. While most of Canada is highly dependent on the US as an export destination (both Alberta and Ontario send more than 80 per cent of their merchandise exports to the US), BC currently sends slightly more than half of its total merchandise exports to the US.

Merchandise exports by destination: BC, Alberta and Ontario:

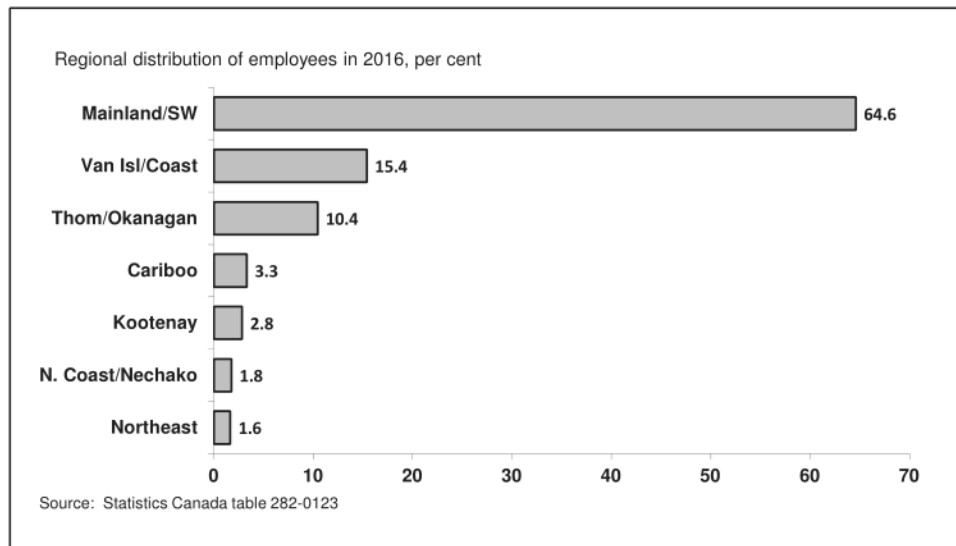


Employment in BC's regions

About 4 out of 5 jobs in BC are located in the Lower Mainland (64.6 per cent in 2016) and Vancouver Island (15.4 per cent in 2016) areas. This is not surprising, as these two regions also contain most of the provincial population. About 10 per cent work in Thompson/Okanagan—the region around Kamloops, Kelowna and Vernon. Cariboo (3.3 per cent), Kootenay (2.8 per

cent), North Coast and Nechako (1.8 per cent) and Northeast (1.6 per cent) each employ a relatively small percentage of the province's workers.

BC employment by region (2016):



The northern and interior regions of the province, where many of the mineral and forest resources are located, are most reliant on goods production as a source of employment. About 31 per cent of jobs in the Kootenay, North Coast/Nechako, Northeast and Cariboo regions are in goods-producing industries. Goods account for a smaller percentage of total employment in the most densely populated regions, where the service sector is more dominant. Goods producing industries account for around 18 per cent of jobs in the Vancouver Island/Coast and Mainland/Southwest regions.

Appendix A: Interprovincial comparisons

Data as of May 19, 2017

The tables, charts, and text below compare selected BC economic indicators to Ontario, Alberta, and the national average. Other provinces may not have the same economic composition.

GDP by Industry:

- Service industries account for the majority of total GDP in all three provinces and Canada overall.
- The natural resource sector makes up a large component of AB's economy (28.8 per cent) relative to the other provinces.
- ON's manufacturing and utilities sector is large compared to BC and AB.
- Finance, insurance and real estate makes up about a quarter of BC and ON's economies, but is still fairly large in AB.

GDP by Selected Industries (as % of Total real GDP), 2016

(% of Total)	Natural Resources	Manufacturing and Utilities	Construction	Transportation and Warehousing	Wholesale and Retail Trade	Finance, Insurance and Real Estate	Public Admin, Health Care and Education	Other Services
BC	6.9	9.0	8.6	5.8	10.8	24.2	17.0	17.8
AB	28.8	7.1	8.7	4.3	8.8	14.9	12.9	14.4
ON	2.0	14.6	6.0	4.0	12.7	23.7	18.9	18.1
Canada	9.6	12.6	7.0	4.5	11.3	20.2	18.3	16.5

Rank (within province)	Natural Resources	Manufacturing and Utilities	Construction	Transportation and Warehousing	Wholesale and Retail Trade	Finance, Insurance and Real Estate	Public Admin, Health Care and Education	Other Services
BC	7	5	6	8	4	1	3	2
AB	1	7	6	8	5	2	4	3
ON	8	4	6	7	5	1	2	3
Canada	6	4	7	8	5	1	2	3

Employment by Industry:

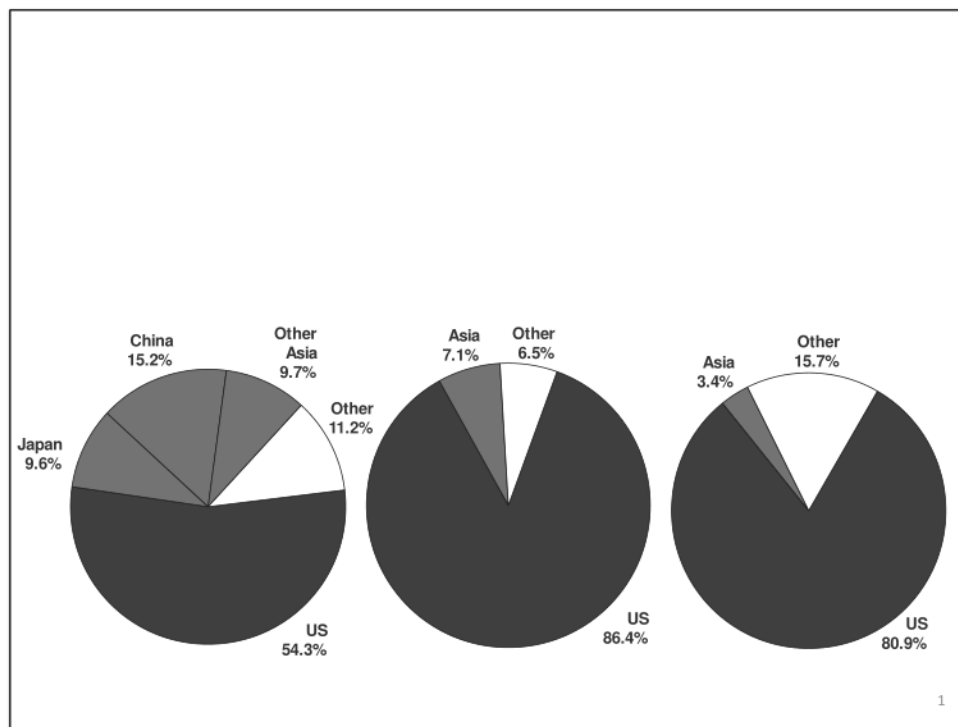
- Service industries also account for the majority of total employment in all jurisdictions.
- Public administration, health care and social assistance, and educational services accounts for approximately one quarter of employment by industry in all jurisdictions. Wholesale and retail trade is the second largest employer in all regions.
- The natural resource sector makes up a much higher share of AB's total jobs (largely due to employment in the oil and gas industry) than in other provinces.
- Manufacturing and utilities accounts for a higher share of employment in ON relative to BC and AB.

Employment by Selected Industries (as % of Total Employment), 2016

	Natural Resources	Manufacturing and Utilities	Construction	Transportation and Warehousing	Wholesale and Retail Trade	Finance, Insurance and Real Estate	Public Admin, Health Care and Education	Other Services
BC	3.2	7.7	8.9	5.8	15.5	5.7	23.5	29.7
AB	8.4	6.0	11.1	5.8	14.6	4.7	22.8	26.6
ON	1.6	11.4	7.2	4.7	14.8	7.9	24.2	28.2
Canada	3.4	10.1	7.7	5.0	15.2	6.2	25.1	27.3

Exports by destination:

- BC has a diversified export market relative to other Canadian provinces.
- Most of Canada is highly dependent on the US. In 2016, 86.4 per cent of Alberta's total merchandise exports and 80.9 per cent of Ontario's total merchandise exports went to the US. This is considerably higher than the 54.3 per cent of BC's merchandise exports that were sent to the US in 2016.
- This diversification helps to shelter BC from US downturns, compared to other provinces, and allows BC to take advantage of faster growing markets, particularly in Asia.



ECONOMIC FORECAST PROCESS

Summary

The Economic Forecasting and Analysis (EFA) Branch in the Ministry of Finance is responsible for the development of the provincial government economic forecast. EFA generally produces three medium-term (five-year) economic forecasts per year. The typical schedule has been as follows:

- Budget (completed in January for the Budget released in February)
- Summer (completed in August for the First Quarterly Report released in September)
- Winter (completed in November for internal planning in preparation for Budget – not publically released)

The BC Macroeconomic Model (BCMM) is used to produce the economic forecast. Model “runs” (drafts) are fine-tuned by EFA staff, with various adjustments reflecting recent economic intelligence or more up-to-date monthly data, or where staff judge that the model-generated results are out of line with likely trends. This review produces the final forecast, which is documented and published in the Budget and First Quarterly reports.

During this process and throughout the year, EFA staff monitor the year-to-date performance of key provincial and external economic indicators, and maintain contact with numerous private sector economists, industrial representatives and other experts regarding the outlook for various areas of the economy. Other important aspects to monitoring the economic situation include consultations with the Economic Forecast Council (a group of economic experts from the private sector that advise the Minister of Finance prior to Budget) and a monthly review of Consensus Economics (a private sector survey of the global economic outlook).

Development of Economic Forecast

BC Macroeconomic Model (BCMM)

The economic forecast is produced using the BCMM. The BCMM is a system of linked mathematical equations that are based on historical relationships between different sectors of the economy (businesses, households, governments and external economies). The BCMM currently consists of about 300 equations. EFA regularly reviews and updates the BCMM to ensure that the model remains up to date relative to current economic thinking and research. Models are very useful in ensuring consistency between and among the assumptions and variables being forecast, and provide a sound framework for economic forecasting.

External Assumptions

The first step of the forecast process requires assumptions to be made by EFA (in consultation with the private sector and other ministries) about the outlook for key external factors that affect the BC economy, including the following: economic indicators for the rest of Canada, the US and other major trading partners; interest rates and exchange rates; commodity prices; and government fiscal policy.

At this stage, there is generally a discussion as to the degree of prudence to be incorporated in the forecast. This is assessed using the balance of risks to the current outlook, and views of private sector forecasters. Much of the on-going gathering of economic intelligence by EFA helps in this process. Prudence is typically introduced into the forecast when setting external assumptions, such as Canadian and US real GDP growth.

Model Runs & Final Forecast

Once the review of external assumptions is complete, they are incorporated in the BCMM and an initial model forecast is produced. EFA staff then review and discuss the results. Generally the forecast is done using a team approach. The forecast is also presented to the Assistant Deputy Minister of Treasury Board Staff and the Executive Director of the Fiscal Planning Branch who offer an alternate review of the results as well.

Typically, multiple model runs will be required before EFA is satisfied with the model's forecasts. Adjustments are made based on the professional judgement of staff, to arrive at the base case forecast. While staff temper the model's predictions with their own judgements and knowledge of real-world developments that may be difficult to incorporate in the model, they are careful not to over-adjust the model's results.

EFA then produces a written document and a set of forecast tables that are reviewed by senior management. Finally, once the forecast has been reviewed by the Minister, the document becomes the government's official economic forecast.

Economic Forecast Council

Since the late 1990s, EFA has been organizing the annual Economic Forecast Council (EFC) meeting hosted by the Minister of Finance. These meetings constitute an additional forum providing external feedback on the economic outlook in general. The council is made up of economic experts from the private sector. They are brought together prior to the budget (usually in November or December) to meet with the Minister to discuss the economic outlook. Participants are surveyed on their detailed forecasts and their opinions on the key issues that will affect the outlook.

The proceedings and survey findings from the EFC meeting are summarized and published in the budget alongside the Ministry's economic forecast. The Ministry continues to produce and publish its own economic forecast, taking the survey results into consideration. This permits the public to compare the Ministry's forecast to the survey results. Consultation with the EFC is a mandatory process, required by the *Budget Transparency and Accountability Act*.

The Ministry's economic outlook will typically differ from the average outlook provided by the EFC for the following reasons:

- The Ministry instils an explicit degree of prudence into its external economic assumptions to acknowledge risks in the economic environment. This practice is based on the set of recommendations published in A Review of the Estimates Process in British Columbia (Auditor General of British Columbia, 1999).
- In addition, the Ministry is able to use additional non-public information in developing its forecast (such as the current government's fiscal plan) which will also lead to differences between the Ministry and EFC outlook.

A FRAMEWORK FOR ASSESSING THE ECONOMY'S PERFORMANCE AND OUTLOOK

June 8, 2017

Every day, government statistics agencies release economic data. As well, private companies, non-government organizations, think tanks, interest groups, and advocacy groups are constantly sending out data on various aspects of the economy.

Interpreting what is happening in the economy and how it will perform in the future is more of an art than a science. There are armchair economists who think that their preferred indicator tells you all that you need to know about how the economy is doing now or how it will fare in the future. However, one can make sense of the daily blizzard of economic data and events by using a framework for thinking about the economy and its various components. Having a framework for looking at the economy helps to evaluate all of the data (actual statistics collected by reputable agencies), qualitative indicators (consumer and business confidence surveys and polls) and anecdotes ("the malls are crowded, so people are spending lots of money").

The purpose of this note is to outline how Ministry of Finance staff goes about assessing the current performance of the economy and how we use that information and our research about the risks facing the economy to produce an economic forecast. This will provide a context for the briefing material we provide regularly and suggest what economic indicators and information are useful.

A Framework for Measuring the Economy

In the post-World War II years, economists and statisticians developed a framework for measuring the size and growth of economies. At the urging of the United Nations, most developed countries adopted this framework and began producing 'national economic accounts'. The purpose of these accounts was to measure the total volume of economic activity in a country year by year. The measure of total economic activity became known as 'real gross domestic product' (real GDP).

A second measure of GDP is called nominal or current-dollar GDP. The difference between the two measures is that nominal GDP uses the current price level whereas real GDP uses a fixed price level. This means that nominal GDP is affected by inflation, whereas real GDP is not. Because the government's revenues and costs are measured at current prices¹, nominal GDP is useful for government budgeting. Real GDP is useful for comparing the actual economic output of the economy, without inflation affecting the analysis. Unless otherwise stated, we will be referring to real GDP in the rest of this document.

¹ Workers today would almost certainly not want to be paid 1992 wages!

A key principle of this economic accounting framework is that GDP measures all transactions of goods and services for money in the marketplace. This is done activity by activity, measuring the revenue from each good or service produced and sold minus the cost of production. This is known as "value added", so GDP is the sum of value added by all activities. The change in the volume of economic activity (real GDP) measures how much "economic progress" was made over any selected period.

Statistics Canada measures GDP from three different angles: the Expenditure Side, the Income Side and the Industry Side. Each side measures GDP from a slightly different approach, though in theory the result is the same for each side of the economic accounts.

- Expenditure Side: Aggregate expenditures and aggregate demand (e.g. consumption, investment etc), real and nominal GDP;
- Income Side: Total incomes earned in the economy (payments made to factors of production such as labour and capital); only nominal GDP; and
- Industry Side: The sum of value added by each industry (sector) in the economy; real and nominal GDP.

In theory, all three approaches should produce equivalent measures of GDP. In practice, however, most national statistical agencies, analysts and forecasters put more weight on the expenditure-side approach (as it is consistent with the income-side and available in real and nominal dollars). The Ministry of Finance also focuses on the expenditure-side in its economic forecasting and monitoring.

Using Available Data to Assess Economic Performance

Statistics Canada produces quarterly GDP figures for the Canadian economy two months after the end of each quarter. It does not produce quarterly estimates of provincial GDP. Annual Statistics Canada estimates of provincial expenditure-side and income-side GDP are produced in November of the following year (for example, the 2015 BC real GDP figures were released in November 2016).

Since real GDP is the main statistic for measuring the actual growth of the economy and the main focus of forecasts, during the year we want to have some idea of how the provincial economy is progressing relative to the previous year and relative to the forecast. Using a number of indicators which are produced in a more timely fashion (e.g. data from the labour force survey, retail trade survey, and merchandise export reports) a "bottom-up" approach to estimate GDP is used as the year progresses. There are many statistical indicators available for some of the components of GDP; for others there is little or no solid data. Unfortunately, data problems are sometimes greatest in volatile areas of the economy. Where data are lacking, staff end up talking to people in the relevant areas of the economy, researching private sector views and assembling anecdotal or qualitative information to form assumptions about what is happening. This is where assessing economic conditions is more art than science.

Combined, the in-year (year-to-date) indicators for real and nominal GDP give us a fairly good idea of how the economy is performing. There are times, however, when the available indicators send misleading signals. This occurs when volatile components for which minimal in-year data is available, such as investment and inventory changes, are moving differently than was assumed.

Forecasting the Economy

The Economic Forecasting and Analysis branch uses Statistics Canada's expenditure-side and income-side provincial economic account framework to make formal forecasts of the economy. The forecast takes all the information we have about the past performance of the economy and estimates its performance five years into the future. The model is a system of linked mathematical equations that are based on historical relationships between different sectors of the economy.

Because many factors affecting the provincial economy are determined outside the province's borders (e.g. foreign economic growth, interest rates, the value of the Canadian dollar, commodity prices), staff have to make assumptions about these factors. Based on these assumptions, the model projects the performance of these sectors and components and adds them up to determine the level and growth rate of total provincial GDP, the forecast number that everyone focuses on.

Models are useful in ensuring consistency between and among the assumptions and variables being forecast. Nevertheless, staff can temper the model's predictions with their own judgements and knowledge of real-world developments that may be difficult to incorporate in the model, as well as applying a level of prudence that is determined by perceived downside risks. The result is a forecast that is internally consistent and prudent when compared to private sector forecasts.

ECONOMIC FORECAST COUNCIL

Economic Forecast Council (EFC) – Background Information

Updated July 12, 2017

What is the EFC?

- The EFC is an appointed body of independent economic experts.
- Members are generally economic forecasters from private sector financial and research institutions, but the Council has also had members from academic institutions in the past.
- Appointed by the Minister of Finance, the EFC is used as a mechanism to disclose how the Ministry of Finance's economic forecast for BC compares to the average of private sector forecasts developed around the same time.
- The EFC also provides valuable advice on BC's economy and government policy.

History of the EFC:

- First survey of the EFC was in 1997, but was not legislatively required until 2000.
- Prescribed in the *Budget Transparency and Accountability Act* (BTAA) (2000).
 - Legislation followed recommendations of the "Enns Report" (1999) that encouraged the government to seek EFC advice in advance of each year's budget (in order to improve the reliability and credibility of Ministry forecasts).

Legislative requirements and conventions:

BTAA requires:

- A minimum of 10 members, selected for economic expertise.
- Minister appoints each member for a term of no less than three years.
- A report on the advice of the EFC, including a range of economic forecasts for the current year and following year, must be included in each year's Budget and Fiscal Plan.
 - The Economic Forecasting and Analysis Branch of Treasury Board Staff compiles the Council's advice into a budget topic box.

Conventionally:

Annual meeting:

- The Minister of Finance meets with the EFC annually to discuss BC's economic outlook and other issues of concern to the BC economy, including government economic and fiscal policy, risks and opportunities for the BC economy, interest and exchange rate projections and issues facing the global economy.

- The meeting occurs in advance of each year's budget (usually November or December).
- Generally a lively and collegial discussion, chaired by the Minister.
- Media usually interviews the Minister and a few EFC members following the meeting. The meeting was traditionally held in private until 2012, when it was opened to the media.
- The meeting is not legislatively required, but is well-attended and enjoyed each year by EFC members.

Survey:

- EFC members submit their forecasts (and additional comments) electronically in advance of the annual meeting. A survey template is provided for members to complete.
- Members are permitted to submit a revision in early January, to incorporate any changes that may have occurred since their initial survey.

EFC Members:

Participant	Organization	Appointment end date
Marie-Christine Bernard	Conference Board of Canada	July 18, 2020
Derek Burleton	TD	July 18, 2020
Arlene Kish	IHS Markit	July 18, 2020
Sébastien Lavoie	Laurentian Bank Securities	June 18, 2018
Stéfane Marion	National Bank Financial	July 18, 2020
Cameron Muir	BC Real Estate Association	July 18, 2020
Helmut Pastrick	Central 1 Credit Union	July 18, 2020
Ken Peacock	Business Council of British Columbia	July 18, 2020
Jean-François Perrault	Scotiabank	July 18, 2020
Doug Porter	Bank of Montreal	July 18, 2020
Avery Shenfeld	CIBC	July 18, 2020
Ernie Stokes	Stokes Economic Consulting	July 18, 2020
Craig Wright	RBC	July 18, 2020

Private Sector Average:

- Since the EFC is only surveyed in advance of budget, the Ministry of Finance monitors a separate private sector average throughout the year to track the evolution of private sector forecasts for BC and to use as a comparison for the Ministry's updated forecasts (both internally for the November Planning Assumptions and publicly in the *Quarterly Reports*).
- The private sector average is a sub-set of the EFC.

Differences in Membership:

Private Sector Average	EFC
RBC	RBC
TD	TD
Scotiabank	Scotiabank
Bank of Montreal	Bank of Montreal
CIBC	CIBC
IHS Markit	IHS Markit
	BC Real Estate Association
	Central 1 Credit Union
	Business Council of British Columbia
	National Bank Financial
	Laurentian Bank Securities
	Stokes Economic Consulting
	Conference Board of Canada

- Forecasts from these organizations are monitored during the year due to:
 - the relative frequency with which they update their forecasts (i.e. every month or every quarter); and,
 - the fact that they produce forecasts for all provinces, so the Ministry can also track how BC is expected to perform relative to the rest of Canada.

Recent Forecasts:

BC Real GDP Forecast (annual per cent change)		
	2017	2018
Economic Forecast Council		
June 6, 2017 Survey	2.9	2.3
Private Sector Average		
July 7, 2017	2.9	2.2

- Both outlooks are averages of private sector forecasts.
- The difference is in the number of organizations included in the averages, and the timing of when the forecasts are prepared.
- Note that this year is unusual since the EFC is also being re-surveyed mid-way through the year, prior to *Budget Update 2017*.

The Economic Forecast Council, 2017

Introduction

In accordance with the *Budget Transparency and Accountability Act*, the Minister of Finance, in preparing each year's provincial budget, consults the Economic Forecast Council (the Council) on British Columbia's economic outlook. The Council is comprised of 13 leading economists from several of Canada's major banks and private research institutions.

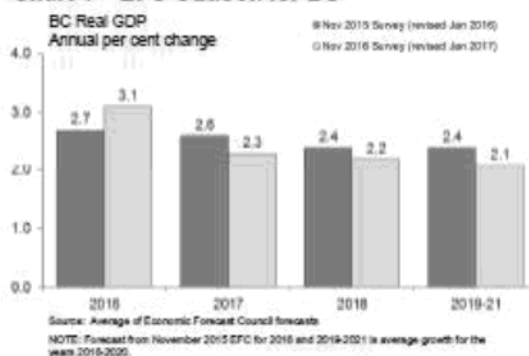
The most recent meeting between the Minister and the Council occurred on November 25, 2016, with forecasters presenting their estimates for economic performance in 2016 as well as their forecasts for 2017 and beyond. The main issues discussed by the Council included BC's housing market and natural resource sector, the significant uncertainty surrounding the US economic outlook, and the evolving trajectory of domestic and external potential output.

Subsequent to the meeting in November, participants were welcome to submit revised forecasts until January 10, 2017 (11 of the 13 members chose to revise). Forecast details from the Council's surveys are summarized in the table at the end of this topic box.

British Columbia Outlook

On average, the Council estimates that BC's economic growth in 2016 was 3.1 per cent, up 0.4 percentage points from its previous

Chart 1 – EFC Outlook for BC



forecast from one year ago. Council members now forecast BC's economy to grow by 2.3 per cent in 2017 and by 2.2 per cent in 2018, followed by average growth of 2.1 per cent annually from 2019 to 2021. Compared to its January 2016 projections, the Council's forecasts are higher for 2016 and lower for 2017 and beyond (see Chart 1). Some members indicated that the decline in their medium-term expectations reflected an anticipated reduction in potential output (or productive capacity) of the BC economy, in part due to aging demographics.

Council members estimate that BC's economic growth significantly outpaced Canada's in 2016 and, on average, expect BC's economy to continue to grow faster than the national average throughout the forecast horizon (see Chart 2).

Chart 2 – EFC Outlook for BC and Canada



The Council was upbeat about several aspects of BC's economy, including employment, interprovincial migration, and retail sales. Some members credited strong tourism and a robust housing market for providing support to retail sales, while a struggling Alberta economy was cited as a key factor behind interprovincial population inflows to BC. Overall strength in BC's economy contributed to notable employment growth in the province.

The complexity of BC's housing market was discussed at length by the Council. Participants noted that it was still too early to measure the effects of the various provincial and federal

housing policies that were implemented in 2016. Overall, members generally expect housing activity to moderate from the elevated levels of construction and sales observed in recent years. Several members anticipate a transition towards a soft landing for BC's housing market, supported by underlying fundamentals such as steady employment and in-migration. Many Council members also noted that initiatives to increase the supply and density of housing in the Greater Vancouver region may help improve affordability. Participants highlighted the importance of streamlining the permitting process to help address tight supply, while some members noted that upgrades in transportation infrastructure would allow for improved commuting from neighbouring areas. In addition, a few members cautioned that relatively high household debt levels in BC compared to other provinces may expose some homeowners to financial vulnerabilities once interest rates eventually rise.

Discussions were mixed regarding BC's natural resource sector. Many members anticipate liquefied natural gas (LNG) development to occur in the province, with varied expectations regarding the timing of projects and the extent of development. Meanwhile, several Council members noted that the forestry sector faced

competitiveness challenges, supply constraints, and uncertainty due to the expiration of the *2006 Softwood Lumber Agreement*. Some members also mentioned the increased uncertainty for all BC exporters due to the potential for trade barriers if the incoming US administration moves to tighten trade policies. A few participants noted that strength in other areas of BC's broad-based economy (such as tourism and the service sector) may help counterbalance transitory challenges faced by some of BC's resource sectors.

Other topics discussed by the Council include BC's vibrant service industry, the importance of attracting and retaining a skilled workforce, and rising asset and debt levels among households. Some members also noted BC's strong fiscal position relative to other provinces, while others emphasized the importance of a broadly based competitive tax environment.

Canadian Outlook

The Council estimates that the Canadian economy expanded by 1.3 per cent in 2016, and projects real GDP growth of 1.9 per cent in 2017 and 2.0 per cent in 2018. The Council is calling for the Canadian economy to expand, on average, by 1.8 per cent annually from 2019 to 2021.

British Columbia Economic Forecast Council: Summary of BC real GDP forecasts, annual per cent change

Participant	Organization	2016	2017	2018	Average 2019-2021
Doug Porter	Bank of Montreal ¹	3.0	2.5	2.3	2.2
Cameron Muir	BC Real Estate Association	3.5	2.5	2.8	2.4
Ken Peacock	Business Council of BC ¹	2.9	2.2	2.2	2.2
Helmut Pastrick	Central 1 Credit Union ¹	3.5	2.7	3.0	2.4
Avery Shenfeld	CIBC ¹	2.6	2.2	2.2	1.9
Marie-Christine Bernard	Conference Board ¹	3.3	2.2	2.1	2.0
Arlene Kish	IHS Markit ¹	3.0	2.5	2.5	2.3
Sébastien Lavoie	Laurentian Bank Securities	2.7	2.0	2.2	2.2
Stéfane Marion	National Bank ¹	2.8	2.3	2.1	2.0
Craig Wright	RBC ¹	3.3	1.7	1.8	2.2
Jean-François Perrault	Scotiabank ¹	3.1	2.3	2.3	2.3
Aaron Stokes	Stokes Economic Consulting ¹	3.0	2.5	1.8	2.1
Derek Burleton	TD ¹	3.3	2.0	1.8	1.7
Average		3.1	2.3	2.2	2.1
Standard Deviation		0.3	0.3	0.4	0.2

¹ Updated subsequent to the November 25, 2016 meeting.

Members expect real GDP growth in Canada to lag behind both BC and the US in the coming years, partly due to weakness in business investment and the potential for reduced competitiveness relative to the US. Participants also discussed topics related to Canada's potential output and productivity going forward. Some members highlighted the importance of negotiations between the federal and provincial government with regards to potential infrastructure projects as a key medium-term opportunity for BC.

International Outlook

On average, Council members estimate that US real GDP increased by 1.6 per cent in 2016 and project growth of 2.3 per cent for both 2017 and 2018, followed by average annual growth of 2.0 per cent during the 2019 to 2021 period.

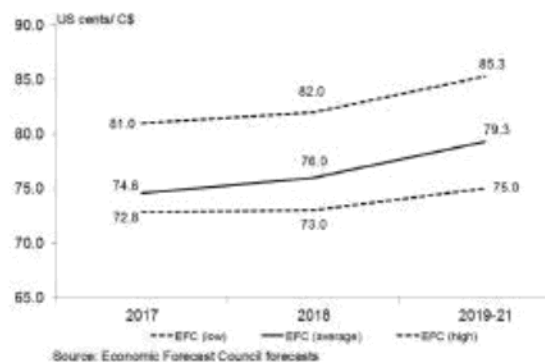
Participants discussed the high degree of uncertainty surrounding the US economic outlook given the changing political landscape and perceived unpredictability of the incoming administration. Several members raised concerns about the negative effects of potential trade barriers on Canadian exports, and reiterated the importance of BC's diverse export market.

Similar to last year, Council members expressed expectations of slower growth in China over the medium-term as China's economy continues its transition towards consumer driven growth.

Canadian Dollar

Consistent with previous forecasts, participants submitted divergent projections for the value of the Canadian dollar, with estimates for 2017 ranging from 72.8 US cents to 81.0 US cents. For 2018, forecasts ranged from 73.0 US cents to 82.0 US cents and from 75.0 US cents to 85.3 US cents over the 2019 to 2021 period.

Chart 3 – EFC Outlook for the Dollar



Forecast Survey – Participants' Opinions

All figures are based on annual averages	2016		2017		2018		2019 to 2021	
	Range	Average ¹	Range	Average ¹	Range	Average ¹	Range	Average ^{1,2}
British Columbia								
Real GDP (% change)	2.6 – 3.5	3.1 (13)	1.7 – 2.7	2.3 (13)	1.8 – 3.0	2.2 (13)	1.7 – 2.4	2.1 (13)
Nominal GDP (% change)	3.6 – 7.6	4.8 (13)	3.4 – 5.3	4.3 (13)	3.0 – 5.0	4.1 (13)	3.0 – 4.9	4.0 (12)
GDP Deflator (% change)	0.6 – 4.1	1.7 (13)	1.1 – 2.8	2.0 (13)	1.2 – 2.2	1.8 (13)	1.3 – 2.5	1.9 (12)
Real business non-residential Investment (% change)	-21.7 – 7.8	-2.6 (7)	0.3 – 13.0	4.8 (7)	-1.4 – 12.6	4.4 (7)	1.8 – 12.1	5.1 (7)
Real business machinery and equipment investment (% change) ...	-1.0 – 13.2	3.1 (6)	3.0 – 9.5	5.3 (6)	3.5 – 7.4	4.9 (6)	3.0 – 6.2	4.2 (6)
Household Income (% change)	3.8 – 7.1	5.3 (9)	3.3 – 5.0	4.4 (9)	2.9 – 4.5	3.9 (9)	3.5 – 4.7	4.0 (9)
Net Migration (thousand persons)	47.0 – 57.9	50.8 (10)	45.1 – 54.8	49.7 (10)	35.3 – 58.7	48.2 (10)	36.0 – 58.7	47.7 (10)
Employment (% change)	2.0 – 3.2	3.0 (13)	1.0 – 1.7	1.3 (13)	0.3 – 1.8	1.3 (13)	0.7 – 1.7	1.2 (13)
Unemployment rate (%)	5.8 – 6.2	6.0 (13)	5.5 – 6.2	5.9 (13)	5.2 – 6.3	5.8 (13)	4.3 – 6.2	5.5 (13)
Net operating surplus of corporations (% change)	-19.3 – 33.5	4.7 (7)	-2.5 – 19.9	5.8 (7)	-1.2 – 8.7	5.5 (7)	0.3 – 9.0	4.3 (7)
Housing starts (thousand units)	40.6 – 43.0	41.9 (13)	29.5 – 38.3	35.7 (13)	30.0 – 37.2	33.3 (13)	27.0 – 36.0	31.1 (13)
Retail sales (% change)	4.9 – 6.8	6.2 (11)	2.4 – 5.2	4.2 (11)	2.1 – 5.3	3.9 (11)	2.0 – 4.9	3.8 (11)
Consumer price index (% change)	1.8 – 2.2	1.9 (13)	1.6 – 2.6	2.1 (13)	1.5 – 2.2	1.9 (13)	1.6 – 2.2	2.0 (13)
United States								
Real GDP (% change)	1.5 – 1.8	1.6 (13)	2.2 – 2.4	2.3 (13)	2.0 – 2.6	2.3 (13)	1.8 – 2.2	2.0 (13)
Intended Federal Funds rate (%)	0.33 – 0.56	0.44 (12)	0.68 – 1.13	0.88 (12)	1.19 – 1.88	1.49 (12)	1.50 – 2.88	2.29 (12)
Housing starts (million units)	1.15 – 1.20	1.17 (13)	1.20 – 1.35	1.27 (13)	1.29 – 1.56	1.37 (13)	1.30 – 1.66	1.45 (13)
Canada								
Real GDP (% change)	1.2 – 1.4	1.3 (13)	1.7 – 2.1	1.9 (13)	1.7 – 2.4	2.0 (13)	1.4 – 2.2	1.8 (13)
Bank of Canada overnight target rate (%)	0.50 – 0.50	0.50 (12)	0.50 – 0.50	0.50 (12)	0.50 – 0.98	0.69 (12)	1.00 – 2.85	1.72 (12)
Exchange rate (US cents/C\$)	74.5 – 76.0	75.5 (13)	72.8 – 81.0	74.6 (13)	73.0 – 82.0	76.0 (13)	75.0 – 85.3	79.3 (13)
Housing starts (thousand units)	189 – 196	196 (13)	176 – 195	184 (13)	165 – 206	181 (13)	165 – 201	181 (13)
Consumer price index (% change)	1.4 – 1.7	1.5 (13)	1.8 – 2.5	2.1 (13)	1.9 – 2.2	2.1 (13)	1.5 – 2.1	2.0 (13)

¹ Based on responses from participants providing forecasts. Number of respondents shown in parentheses.² Participants provided an average forecast for 2019 to 2021.

LABOUR FORCE SURVEY OVERVIEW

Data as of July 7, 2017

What is the labour force survey?

Statistics Canada conducts the labour force survey (LFS) on a monthly basis. The LFS provides estimates of employment and unemployment which are among the most timely and important measures of performance for the Canadian and BC economies.

The main objective of the LFS is to divide the working age population into three mutually exclusive classifications - employed, unemployed, and not in the labour force - and to provide descriptive and explanatory data on each of these classifications.

What data is available?

LFS data are used to produce the headline numbers such as employment and the unemployment rate, as well as other standard labour market indicators such as the participation rate. The LFS also provides employment estimates by industry, occupation, hours worked, public and private sector and much more, all cross-classified by demographic characteristics.

The most commonly reported statistics from the LFS (and the statistics that the media report on the most) are:

- Employment
- Labour force (non-institutional population 15 years and older who are either employed or unemployed and actively seeking work)
- Unemployment rate (number of unemployed persons as a percentage of the labour force (employed plus unemployed))
- Full-time employment
- Part-time employment
- Self-employment
- Public and private sector employment
- Participation rate (labour force (employed plus unemployed) as a percentage of total population 15 years and older)
- Employment by industry

How do we use it?

There are a number of ways to present and analyze LFS data. Most of the time we are speaking about seasonally adjusted monthly data and may present the data in terms of levels, growth rates, level differences or year-to-date.

LFS versus SEPH

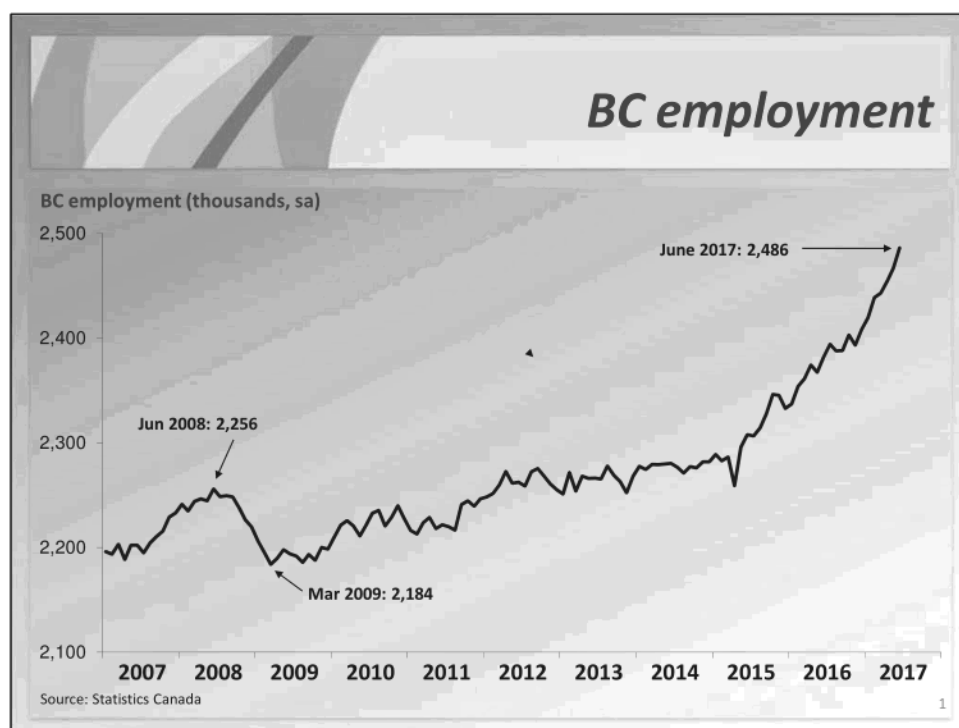
Statistics Canada also conducts the Survey of Employment, Payroll and Hours (SEPH). While the LFS gathers data by surveying households, SEPH surveys employers. SEPH is Canada's only source of detailed information on the total number of paid employees, payrolls and hours at detailed industrial, provincial and territorial levels. LFS and SEPH have some overlapping data such as employment and employment by industry. However, the LFS data is generally preferred as it is more timely.

Example of how to interpret labour force data

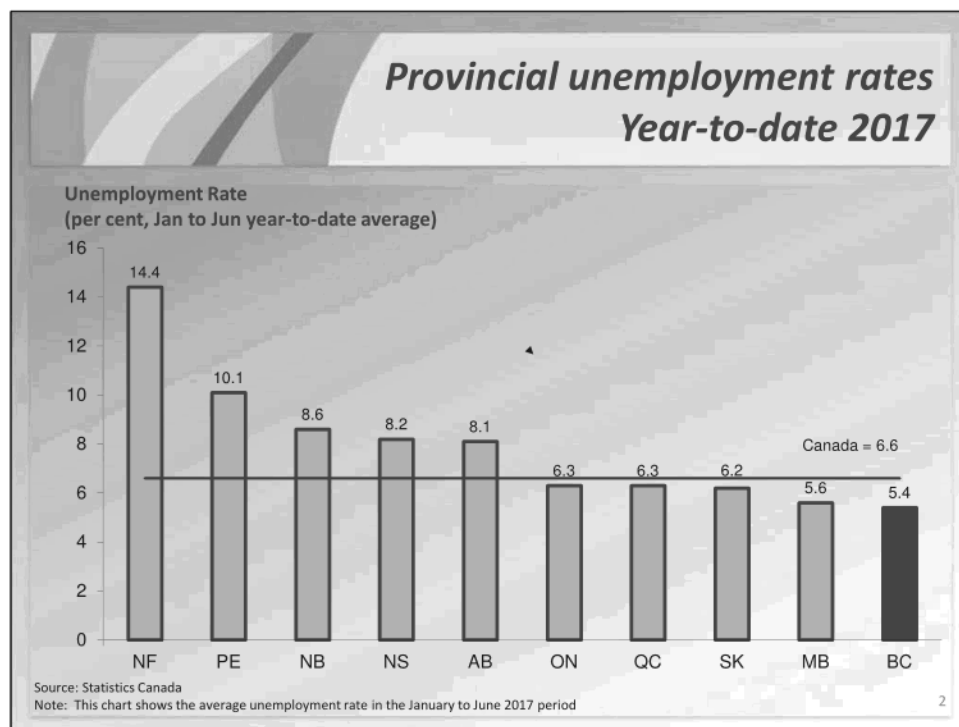
Using the June 2017 LFS employment data released on July 7, 2017 to illustrate some different ways of presenting monthly data:

- Levels: Employment in BC rose to 2,486,300 jobs in June.
- Monthly per cent change in seasonally adjusted data: BC employment increased by 0.8 per cent in June from the previous month.
- Level change: The BC economy gained 19,700 jobs in June.
- Year-to-date: During the January to June period of 2017, the BC economy added 88,750 jobs compared to the same period of 2016 (an increase of 3.8 per cent).

When making comparisons, it is important to choose a meaningful starting point. It is usually best to look at the change from the most recent turning point in the data. For example, the graph below shows that employment in BC has regained the major job losses incurred during the recent recession. So, we may want to look at the employment change from the trough (March 2009) until the most recent data (June 2017). For example, as of June 2017, employment in BC is up 13.9 per cent (302,500 jobs) since March 2009.



When comparing BC's performance to other provinces and Canada, year-to-date analysis tends to be more appropriate. For example, during the January to June period of 2017, BC's unemployment rate averaged 5.4 per cent, which was the lowest among provinces.



LFS Monthly Note (June 2017, released July 7, 2017)

Note: All data seasonally adjusted unless otherwise stated.

1. BRITISH COLUMBIA:

BC employment rose by 19,700 jobs in June and the unemployment rate fell to 5.1 per cent.

a. Employment

- Employment in BC rose by 19,700 jobs in June (or 0.8 per cent) from the previous month, resulting in a total of 2,486,300 people working in BC in June.
 - Compared with the same month one year ago, there are 104,300 more jobs.
 - BC's employment is 230,400 jobs above the pre-recession high of 2,255,900 jobs reached in June 2008.
- June's monthly gain of 19,700 jobs reflects a gain of 20,000 full-time and a decline of 300 part-time jobs.
 - Compared with the same month one year ago, there are 72,700 more full-time jobs and 31,600 more part-time jobs.
- Year-to-date to June, BC employment advanced by 3.8 per cent compared to the same period of 2016.

b. Labour Force

- BC's labour force increased by 7,500 persons in June from the previous month.
 - Compared with the same month one year ago, BC's labour force has increased by 88,000 persons.

c. Unemployment Rate

- The provincial unemployment rate decreased to 5.1 per cent in June from 5.6 per cent in the previous month.
 - In the same month one year ago, BC's unemployment rate stood at 5.9 per cent, 0.8 percentage points higher than the current rate.
 - The unemployment rate for youth (15 to 24 years of age) in BC was recorded at 7.6 per cent, down 2.1 percentage points from the previous month. One year ago, the youth unemployment rate was recorded at 11.1 per cent.

d. Employment by Industry

- On an industry basis, the goods-producing sector saw an overall gain of 15,600 jobs in June, while the services-producing sector saw a gain of 4,100 jobs.
 - Goods Sector: June gains/losses compared to previous month
 - Agriculture: unchanged (0 jobs)
 - Forestry, fishing, mining, oil and gas: -500 jobs
 - Utilities: 800 jobs
 - Construction: 7,800 jobs
 - Manufacturing: 7,300 jobs
 - Services Sector: June gains/losses compared to previous month
 - Trade: 5,300 jobs
 - Transportation and warehousing: 1,500 jobs
 - Finance, insurance, real estate and leasing: -3,100 jobs
 - Professional, scientific and technical services: 9,800 jobs
 - Business, building and other support services: -7,300 jobs
 - Educational services: -1,100 jobs
 - Health care and social assistance: -5,900 jobs
 - Information, culture and recreation: 1,900 jobs
 - Accommodation and food services: 4,200 jobs
 - Other services: 1,200 jobs
 - Public administration: -2,300 jobs

2. CANADA:

Canada gained 45,300 jobs in June and the national unemployment rate decreased to 6.5 per cent.

- Employment across Canada rose by 45,300 jobs in June (or 0.2 per cent) compared to the previous month.
 - Compared with the same month one year ago, there are 350,800 more jobs in Canada.
- Full-time employment increased by 8,100 jobs in June while part-time employment increased by 37,100 jobs during the month.
- The national unemployment rate edged down to 6.5 per cent from 6.6 per cent in the previous month.
- Provincial employment: June gains/losses compared to previous month (Provincial ranking in parenthesis):
 - British Columbia: 19,700 jobs (2)
 - Alberta: 7,500 jobs (3)
 - Saskatchewan: -1,900 jobs (8)
 - Manitoba: 1,600 jobs (4)
 - Ontario: -6,100 jobs (10)
 - Quebec: 28,300 jobs (1)
 - New Brunswick: -100 jobs (5)

- Nova Scotia: -1,900 jobs (8)
 - Prince Edward Island: -500 jobs (6)
 - Newfoundland: -1,400 jobs (7)
 - Canada: 45,300 jobs
- Year-to-date to June, Canada saw an advance of 1.6 per cent in employment compared to the same period of 2016.

3. AVERAGE HOURLY WAGE (Not Seasonally Adjusted):

- In June 2017, BC's average hourly wage rate was \$25.39 – up by 0.8 per cent compared with June 2016 (\$25.20).
- For BC youth under 25, the average hourly wage in June was \$15.27.

4. BC UNEMPLOYMENT RATES:

a. Economic Regions (Three Month Moving Average - Not Seasonally Adjusted)

Vancouver Island/Coast

June 2017: 4.3%

May 2017: 4.8%

June 2016: 5.1%

Lower Mainland/Southwest

June 2017: 5.0%

May 2017: 5.2%

June 2016: 5.3%

Thompson-Okanagan

June 2017: 5.7%

May 2017: 6.5%

June 2016: 7.0%

Kootenay

June 2017: 7.5%

May 2017: 7.7%

June 2016: 7.5%

Cariboo

June 2017: 6.9%

May 2017: 7.5%

June 2016: 7.8%

North Coast/Nechako

June 2017: 5.9%

May 2017: 6.5%

June 2016: 8.1%

Northeast

June 2017: 7.3%

May 2017: 7.0%

June 2016: 9.2%

b. Census Metropolitan Areas (Three-Month Average - Seasonally Adjusted)**Kelowna**

June 2017: 3.6%

May 2017: 4.0%

June 2016: 7.6%

Abbotsford - Mission

June 2017: 5.4%

May 2017: 5.6%

June 2016: 6.9%

Vancouver

June 2017: 5.1%

May 2017: 5.2%

June 2016: 5.3%

Victoria

June 2017: 4.1%

May 2017: 3.9%

June 2016: 5.2%

5. US EMPLOYMENT SITUATION:

- Total nonfarm payroll employment increased by 222,000 jobs in June compared to the previous month, led by gains in education and health services (+45,000 jobs) and leisure and hospitality (+36,000 jobs).
- The unemployment rate rose to 4.4 per cent in June, up 0.1 percentage points from May.
- The labour force participation rate was 62.8 per cent in June, up from 62.7 per cent in previous month.

Summary Report:

BC Housing Market – March 2017 *NOT FOR FURTHER DISTRIBUTION*

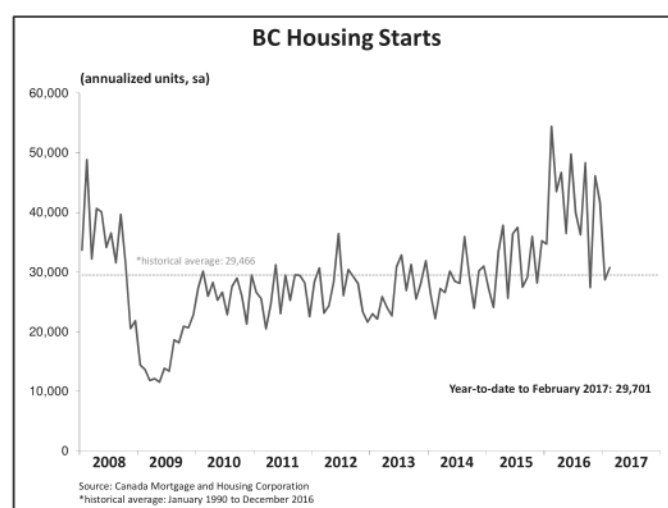
(data as of March 28, 2017)

Summary

- Key factors driving BC's housing market include strong employment, steady population growth, geographical constraints, and accommodative interest rates.
- Since 2008, the federal government has implemented several regulatory changes to the qualification process for government-backed mortgages to reinforce Canada's housing financial system.
- With the release of Budget 2017, the provincial government continues to take meaningful actions to monitor and address the complex issue of housing supply and affordability in BC.
- Despite elevated trends over the past couple of years, particularly in the Lower Mainland, many analysts expect housing activity in BC to moderate towards a soft landing, supported by underlying fundamentals.

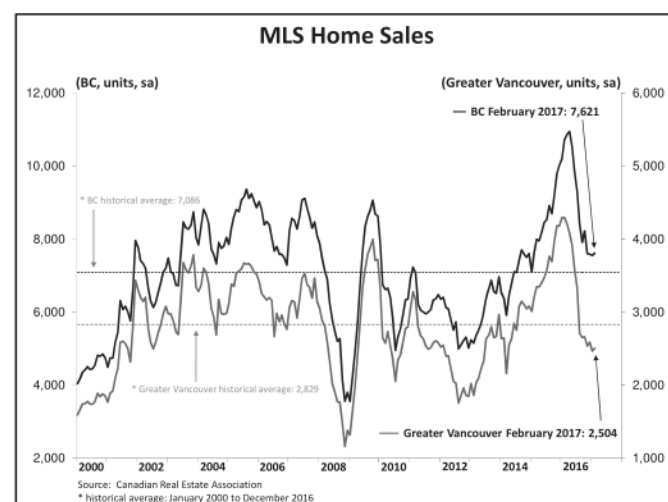
Housing Starts & Building Permits

- In 2016, BC housing starts increased by 33.1 per cent (y/y) to reach 41,843 units, with gains in both multi-unit and single-detached construction. While this level is higher than the historical average of 29,466 annualized units, housing starts moderated in the second half of 2016.
- Year-to-date to February, housing starts averaged 29,701 annualized units, down 33.3 per cent compared to the first two months of 2016.
- BC residential building permits increased 4.4 per cent (y/y) in 2016, which more than offset weakness in the non-residential sector.
- However, as of January 2017, the value of residential building permits was 0.9 per cent below the level observed in January 2016.



Home Sales & Inventory

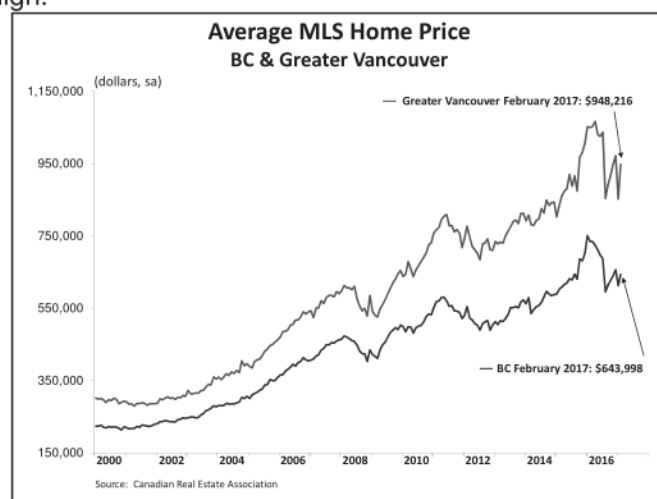
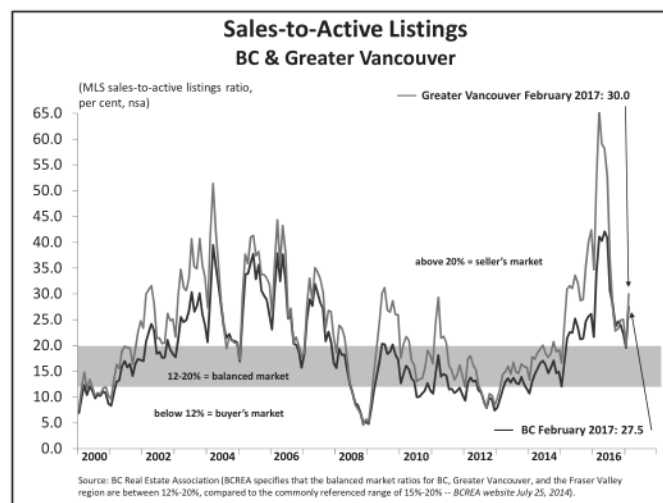
- BC home sales grew 9.5 per cent in 2016 compared to 2015, while the average home price rose 8.6 per cent.
- BC MLS home sales fell 27.5 per cent year-to-date to February compared to the same period of 2016.
 - Sizeable year-to-date declines in sales were concentrated in the Greater Vancouver (-42.1 per cent) and Fraser Valley (-37.0 per cent) regions.
 - The BC Real Estate Association (BCREA) notes that consumer demand returned to a more typical level over the first two months of 2017 following an elevated level of housing market activity in 2016.
- Looking ahead, BCREA expects a slower pace of consumer demand to ease some pressure on the relatively low housing supply. Meanwhile, the Business Council of BC projects BC home sales to continue to edge lower in 2017, reflecting tighter mortgage insurance rules, the additional 15 per cent property tax in Metro Vancouver, and reduced speculation activity.



- Elevated sales in recent years have led to a declining trend in BC's housing inventory.
 - After hitting a low of 2.7 months in April 2016, the inventory of homes for sale in BC has risen somewhat and was 3.4 months in February 2017. Inventory below 6 months is considered to be tight.
 - Central 1Credit Union (C1CU) notes that while rising populations are expected to support housing activity, more expensive home markets such as Metro Vancouver, Victoria and Kelowna will likely bear more of the burden from tighter mortgage insurance rules.

Prices

- The average home price in BC eased somewhat during 2016. However, tight conditions, particularly in BC's large urban markets, continue to keep prices relatively high.
 - Year-to-date to February, the BC average home price declined 15.4 per cent compared to the same period of 2016. During this time, the average home price fell in Greater Vancouver (-14.4 per cent) and in the Fraser Valley (-8.0 per cent), while the average home price increased in Victoria (16.4 per cent) compared to the first two months of 2016.
 - C1CU notes that the drop in the average home price largely reflects a reduced sales share and lower average prices in the Lower Mainland, as prices climbed in nearly all other real estate regions in the province. In addition, C1CU suggests that fewer sales of luxury and detached home, and increased share of sales in eastern suburbs has skewed the average Lower Mainland home price downward.
- The MLS Home Price Index (HPI) benchmark price looks at attributes of a typical property (which get overlooked by the average price) and is not affected by changes in the mix of sales activity (unlike the average price).
 - As of February 2017, the Greater Vancouver MLS HPI benchmark prices were: \$1,475,000 for a single-detached home, \$675,500 for a townhouse, and \$526,300 for an apartment.
 - Across the Lower Mainland, MLS HPI benchmark price growth over the past 5 years has been larger for single-detached homes than for apartments (although prices for apartments saw double-digit gains).



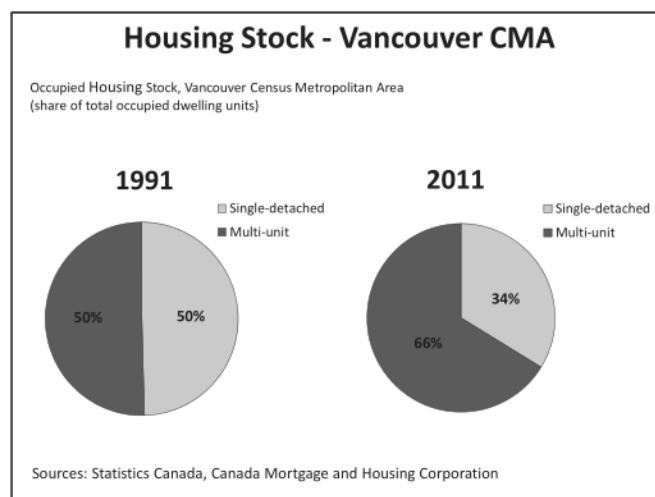
Price Growth in Selected Lower Mainland Markets

5 year per cent change in MLS HPI benchmark price in selected markets (February 2012 to February 2017)

Market	Single Detached	Apartment
REBGV Area	56%	42%
Burnaby (East)	57%	53%
Burnaby (North)	65%	52%
Burnaby (South)	72%	49%
North Vancouver	63%	35%
Richmond	53%	33%
Vancouver (East)	71%	47%
Vancouver (West)	55%	45%
West Vancouver	59%	52%
FVREB Area	60%	34%
Abbotsford	64%	35%
Langley	62%	37%
Surrey	59%	22%
Lower Mainland	57%	40%

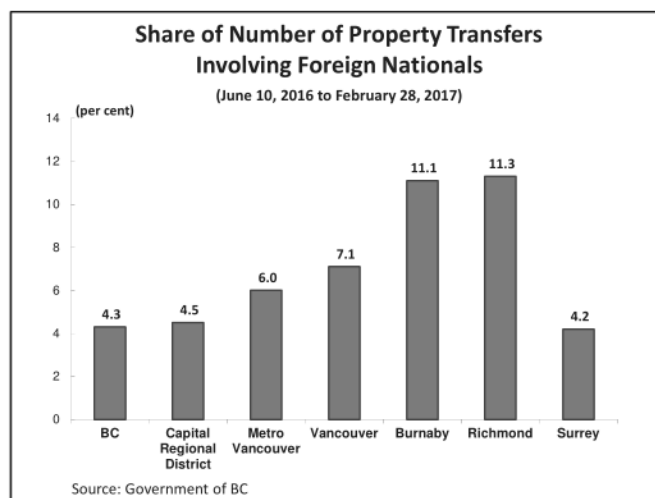
Sources: Real Estate Board of Greater Vancouver (REBGV) and Fraser Valley Real Estate Board (FVREB) as of March 2, 2017

- With the release of the latest quarterly Housing Market Assessment, the Canada Mortgage and Housing Corporation (CMHC) noted that there is strong indication of problematic conditions in the Vancouver and Victoria housing markets. Specifically, “home price growth may be driven by speculation as it is outpacing what economic fundamentals such as migration, employment and income can support”.
- CMHC notes that in Vancouver, while there is now less indication of overheating, there is still moderate evidence of price acceleration and strong evidence of overvaluation.
- Moderate indication of overheating and price acceleration continues to exist in Victoria, along with a newly-detected moderate evidence of overvaluation, according to CMHC.



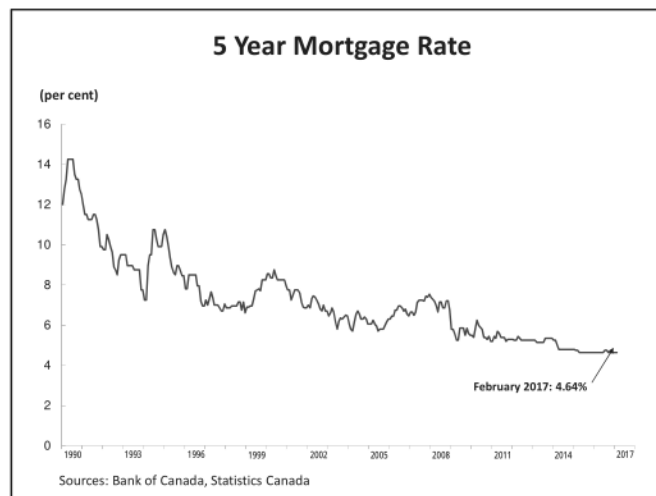
Foreign Investment

- In June 2016, the government of BC started collecting data on foreign investment in residential properties in the province.
- For the period of June 10, 2016 to February 28, 2017:
 - Metro Vancouver accounted for 64.0 per cent of all transactions involving foreign buyers in BC.
 - In BC, the share of property transfers that involved foreign nationals was 4.3 per cent of all property transfers (6.2 per cent of the value of all property transfers).
 - The share of property transfers involving foreign nationals was 4.5 per cent in the Capital Regional District, 6.0 per cent in Metro Vancouver, 7.1 per cent in Vancouver, 11.1 per cent in Burnaby, 11.3 per cent in Richmond, and 4.2 per cent in Surrey.
 - The average value of BC property transfers involving foreign nationals was \$897,296, while the average value of all property transfers was \$625,818.



Affordability

- Historically, BC's Lower Mainland has been an expensive market, driven by rising population, tight supply and constrained geography.
- Reduced affordability for single-family dwellings in the Greater Vancouver area has shifted some sales activity towards apartments and townhomes, and has drawn homebuyers further into suburban areas.
- A prolonged period of low mortgage rates has also made it easier for buyers to carry mortgage costs.



Measures

- In *Budget 2016*, the provincial government committed to improving the quality of data pertaining to foreign purchases of real estate to better understand cost drivers.
 - Subsequently, legislation was passed in July 2016, which: introduced a 15 per cent additional property transfer tax rate in Metro Vancouver; created a new Housing Priority Initiatives special account; ended self-regulation of BC's real estate industry; and provided authority for the City of Vancouver to implement and administer a tax on vacant homes.
- With the release of *Budget 2017*, the provincial government continues to take meaningful actions to monitor and address housing supply and affordability in BC. The provincial government has a number of programs in place (e.g. BC Home Owner Mortgage and Equity Partnership, Newly Built Home Exemption, and Homeowner Grants). In the coming year, the provincial government intends to implement a number of measures to help expedite housing development application, approval and permitting processes in partnership with local governments.
 - See pages 53-56 of the *Budget and Fiscal Plan 2017/18 – 2019/20* for program details.
Electronic version available at: http://bcbudget.gov.bc.ca/2017/bfp/2017_Budget_and_Fiscal_Plan.pdf
- Furthermore, since 2008, the federal government has implemented several regulatory changes to the qualification process for government-backed insured mortgages, including reducing amortization periods and increasing the minimum down payment requirement, to reinforce the Canadian housing finance system.

Risks & Outlook

- With real estate accounting for an increasingly higher share of household wealth, some households' finances may be more vulnerable to unexpected negative shocks (economic or financial).
 - For instance, a sudden rise in unemployment or interest rates could strain household wealth and may undermine the housing market.
- Interest rates are expected to remain relatively low and stable for some time. However, many analysts anticipate a moderate slowdown in housing activity once interest rates eventually begin to rise.
- Despite elevated trends, particularly in the Lower Mainland, many analysts expect housing activity in BC to moderate towards a soft landing, supported by underlying fundamentals.

Current BC Housing Market Activity¹						
Data to: March 28, 2017		Latest Data	M / M	2016 Q4 / Q3	Y / Y	YTD
per cent change						
Housing starts (annualized units).....	30,716	Feb	7.1	-7.6	-43.5	-33.3
Residential building permits (\$ millions).....	834	Jan	14.2	11.3	-0.9	-0.9
MLS home sales (units).....	7,621	Feb	0.9	-8.7	-28.9	-27.5
MLS average home price (\$).....	643,998	Feb	5.1	1.4	-12.3	-15.4
Conventional 5-year mortgage rate (%) ²	4.6	Feb	0.0	-0.1	0.0	0.0
Current Private Sector Forecasts^{3,4,5,6}			(levels)			
Housing Starts (units)			(per cent change)			
	2016^a	2017	2018	2016^a	2017⁷	2018⁷
BCREA.....	41,843	34,700	33,000	33.1	-17.1	-4.9
CMHC.....	41,843	33,150	30,850	33.1	-20.8	-6.9
C1CU.....	41,843	36,500	38,100	33.1	-12.8	4.4
TD Bank.....	41,843	36,300	36,500	33.1	-13.7	0.5
MLS Home Sales (units)			(per cent change)			
	2016^a	2017	2018	2016^a	2017⁷	2018⁷
BCREA.....	112,211	96,345	95,770	9.5	-14.1	-0.6
CMHC.....	112,211	94,100	94,600	9.5	-16.1	0.5
C1CU.....	112,211	na	na	9.5	na	na
TD Bank.....	112,211	91,700	93,700	9.5	-18.2	2.1
MLS Average Home Price (\$)			(per cent change)			
	2016^a	2017	2018	2016^a	2017⁷	2018⁷
BCREA.....	691,111	657,026	666,657	8.6	-4.9	1.5
CMHC.....	691,111	703,350	730,000	8.6	1.8	3.8
C1CU.....	691,111	na	na	8.6	na	na
TD Bank.....	691,111	656,400	674,800	8.6	-3.7	2.8
Year-to-date Provincial Comparison¹						
	Housing Starts (% change)	Residential Building Permits (% change)	MLS Home Sales (% change)	MLS Average Home Price (% change)	MLS Average Home Price (\$)	
(provincial ranking in parentheses)	Feb	Jan	Feb	Feb	Feb	
British Columbia.....	-33.3 (9)	-0.9 (6)	-27.5 (10)	-15.4 (10)	628,377	(1)
Alberta.....	-0.9	-2.5	21.6	1.9	392,464	
Saskatchewan.....	-3.4	-2.4	-1.1	-0.7	288,250	
Manitoba.....	60.5	71.1	-1.3	2.9	286,064	
Ontario.....	31.3	54.1	10.1	22.1	603,205	
Quebec.....	4.1	13.0	4.8	3.4	289,436	
New Brunswick.....	16.6	-5.5	10.7	7.9	167,594	
Nova Scotia.....	41.6	10.3	-6.0	-0.9	212,632	
Prince Edward Island.....	31.1	69.3	-0.3	27.2	202,584	
Newfoundland and Labrador.....	-44.3	-1.8	-13.3	-6.2	245,190	
Canada.....	6.4	24.1	0.5	1.8	496,014	

Notes:

¹ Seasonally adjusted monthly data

² Rates of change are percentage points change

³ BCREA: BC Real Estate Association, First Quarter Housing Forecast Update (February 2017)

⁴ CMHC: Canada Mortgage and Housing Corporation, Housing Market Outlook (Fall 2016), forecast range average

⁵ C1CU: BC Economic Forecast (March 21, 2017)

⁶ TD Bank: Provincial Economic Forecast (March 27, 2017)

⁷ Growth rates as per publication (otherwise calculated based on published levels)

^a Actual

Weekly Economic Summary

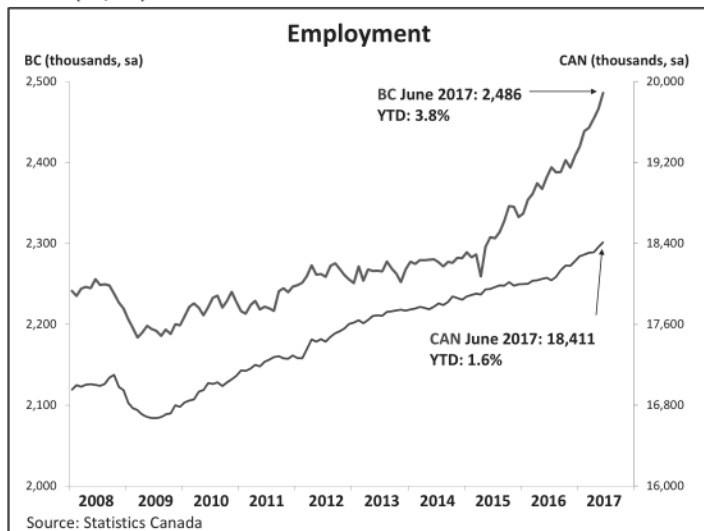
July 4 – July 7, 2017

NOT FOR FURTHER DISTRIBUTION

BC & Canada

Labour Force Survey (June)

Employment in BC was up 19,700 jobs in June, or 0.8 per cent (m/m).



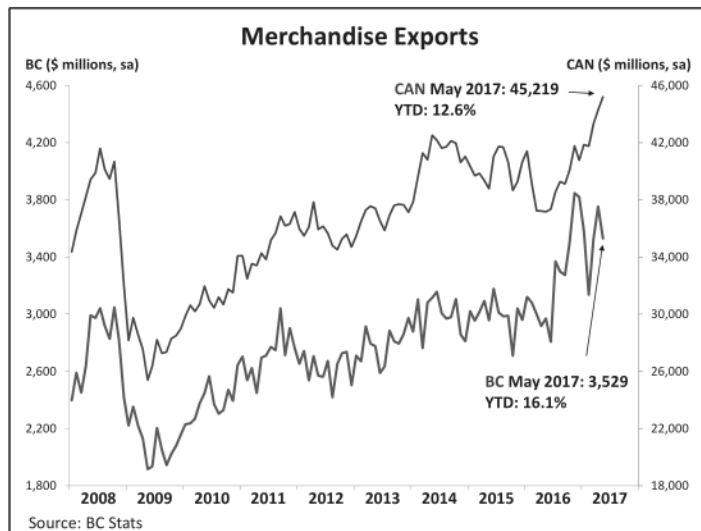
- Year-to-date to June, employment in BC increased by 3.8 per cent compared to the first six months of last year.
- June's monthly gain reflected 20,000 additional full-time jobs and a decline of 300 part-time jobs.
- BC's labour force increased by 7,500 persons (m/m) in June.
- The unemployment rate in BC was 5.1 per cent in June, down from 5.6 per cent in May.
- Central 1 Credit Union noted that BC's employment rate, which measures the proportion of the working age population with jobs, is at its highest level since 2008.

Employment in Canada increased by 45,300 jobs in June, or 0.2 per cent (m/m).

- Year-to-date to June, employment in Canada has increased by 1.6 per cent compared to the first six months of 2016.
- Full-time employment was up by 8,100 jobs in June, while part-time employment rose by 37,100 jobs (m/m).
- The national unemployment rate was 6.5 per cent in June, down from 6.6 per cent in May.
- Analysts expect that the trend of strong Canadian job growth will put additional pressure on the Bank of Canada to raise their target interest rate next week.

Merchandise Exports (May)

The value of BC's merchandise exports fell 6.0 per cent (m/m) in May, reversing most of April's 6.6 per cent (m/m) gain.



- Year-to-date to May, BC's merchandise exports were up 16.1 per cent compared to the first five months of 2016.
- The year-to-date increase in BC's merchandise exports has been concentrated in exports of energy products, while there have been year-to-date declines in 8 of 12 export categories.
- Year-to-date to May, exports to the US (BC's largest trading partner) increased 12.4 per cent, while exports to other international destinations rose 20.6 per cent.

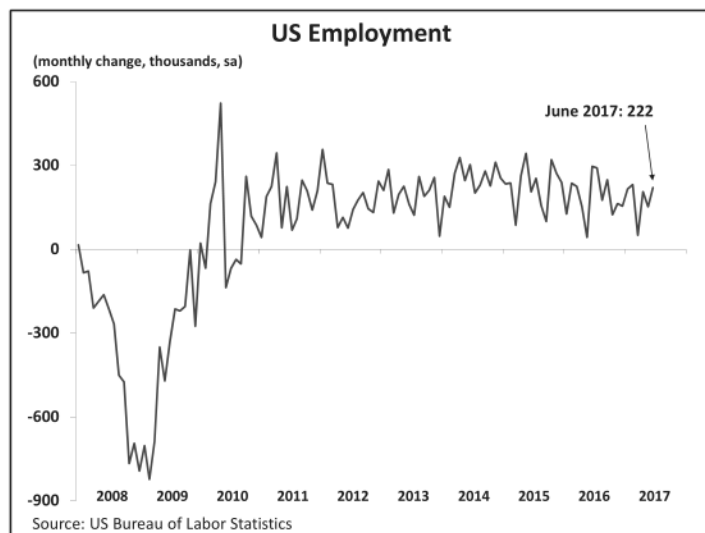
The value of Canada's merchandise exports increased 2.1 per cent (m/m) in May.

- Year-to-date to May, Canada's merchandise exports rose 12.6 per cent compared to the first five months of 2016.
- Nationally, energy products also made the largest contribution to year-to-date merchandise export growth.
- Analysts noted that both Canadian export volumes and values achieved new highs in May and that trade likely made a positive contribution to Canadian real GDP growth in the second quarter.

United States

Employment Situation (June)

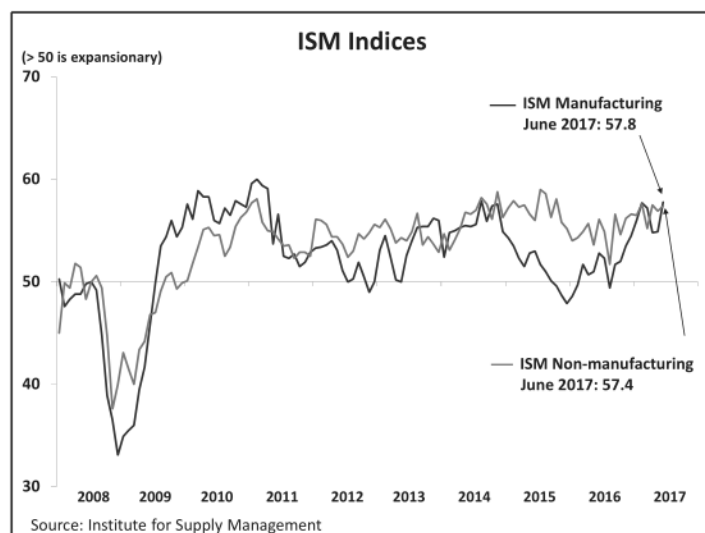
Employment in the US rose by 222,000 jobs in June, an increase of 0.2 per cent (m/m).



- Monthly employment gains were concentrated in education and health services (+45,000 jobs) and leisure and hospitality (+36,000 jobs).
- The unemployment rate rose 0.1 percentage points to reach 4.4 per cent in June, following four consecutive monthly declines.
- Meanwhile, the participation rate edged up 0.1 percentage points (m/m) to 62.8 per cent.
- Analysts noted that labour force participation has not yet increased meaningfully despite record high job openings.

ISM Indices (June)

The ISM manufacturing index rose from 54.9 in May to 57.8 in June.



- The manufacturing index was 5.0 points higher compared to June 2016.

- The details of the report were generally positive with the production, new orders, supplier deliveries, employment, and new export orders sub-indices improving from their May readings.
- The manufacturing index averaged 55.8 in the second quarter of 2017, down from 57.0 in the first quarter.

The ISM non-manufacturing index increased from 56.9 in May to 57.4 in June.

- The non-manufacturing index was 1.3 points higher compared to June 2016.
- Compared to May, the sub-components of the June report were mixed, with new orders and supplier deliveries increasing and the employment index declining.
- On a quarter-over-quarter basis, the non-manufacturing index increased 0.9 points to average 57.3 points in the second quarter of 2017.
- Moody's analysts expect that non-manufacturing will remain positive due to steady consumer spending and a positive construction outlook.
 - However, they warn that mining could weigh on non-manufacturing as the recent decline in oil prices has the potential to decrease activity in the sector.

British Columbia Economic Indicators (recent changes, new or revised, are in bold)								Data to		July 7, 2017		
	Latest data available		Month-over-previous-month		Apr-Jun over Jan-Mar average ¹		Current month over same month of previous year		Year-to-date average			
	Per cent change (unless otherwise noted)											
Employment ²	2,486	(thousand jobs)	June	+0.8	+1.5	+4.4	+3.8					
		(jobs)		+19,700 ³	+35,333 ³	+104,300 ³	+88,750 ³					
Unemployment rate ²	5.1	(per cent)	June	-0.5 ¹⁰	+0.0 ¹⁰	-0.8 ¹⁰	-0.8 ¹⁰					
Manufacturing shipments ²	4,021	(\$million)	April	+1.2	+2.5	+8.8	+7.0					
Exports ²	3,529	(\$million)	May	-6.0	+6.7	+18.8	+16.1					
Retail sales ²	6,836	(\$million)	April	+0.3	+1.7	+7.1	+7.2					
Housing starts ⁵	48,287	(units)	May	+5.2	+34.0	+32.5	-7.5					
Non-residential building permits ²	330	(\$million)	May	-3.5	+20.7	+8.3	-1.1					
Consumer price index ⁶	125.0	(2002=100)	May	+0.5	+0.7	+1.9	+2.1					
Forecast Status												
	Latest Government Forecast (February 2017)			Current Forecasts								
	2016	2017	2018									
	Per cent change (unless otherwise noted)			Per cent change (unless otherwise noted)								
British Columbia Real GDP	3.0 ⁹	2.1	2.1	BC Real GDP (Economic Forecast Council) ⁸			3.6	2.9	2.3			
US Real GDP	1.6 ^a	1.9	2.1	US Real GDP (Consensus Economics)			1.6 ^a	2.2	2.4			
Canada Real GDP	1.2 ⁹	1.6	1.8	Canada Real GDP (Consensus Economics)			1.5 ^a	2.5	2.0			
Cdn 3-mth treasury bills (%)	0.5 ^a	0.5	0.7	Cdn 3-mth treasury bills (%) (private sector average) ⁹			0.5 ^a	0.5	0.9			
Exch. Rate (US cents/C\$)	75.4 ^a	73.7	75.3	Exch. Rate (US cents/C\$) (private sector average) ⁹			75.4 ^a	74.1	75.5			
SPF 2x4s (US\$/000 bd ft)	308 ^a	326	318									
Provincial Key Economic Indicators												
	Retail Sales ²	Housing Starts ⁵	Non-Res. Building Permits ²	Exports ⁶	Manuf. Ships. ²	Employ. ²	Unemploy. Rate ^{2,4}	Avg. Weekly Wage Rate ⁶	Consumer Price Index ⁶	Real GDP ¹¹ for 2016 ^a	Real GDP Forecast ⁷ for 2017	Real GDP Forecast ⁷ for 2018
Data to:	Apr	May	May	May	Apr	Jun	Jun	Jun	May			
	Year-to-date per cent change (unless otherwise noted)										Annual per cent change	
British Columbia (rank in parentheses)	+7.2 (2)	-7.5 (9)	-1.1 (7)	+23.7 (3)	+7.0 (7)	+3.8 (1)	5.4 (1)	+0.5 (7)	+2.1 (3)	3.7 (1)	2.9 (2)	2.2 (2)
Alberta	+6.9	+21.4	-20.9	+45.7	+15.4	+0.7	8.1	-0.2	+1.8	-3.8	3.0	2.5
Saskatchewan	+5.2	+8.2	+6.1	+16.6	+16.0	+0.2	6.2	-0.1	+1.2	-1.0	2.0	2.1
Manitoba	+3.0	+88.5	-32.7	+1.4	+1.3	+1.0	5.6	+2.2	+1.7	2.4	2.2	2.0
Ontario	+6.9	+10.3	+4.3	-0.5	+2.1	+1.3	6.3	+0.1	+2.0	2.6	2.8	2.1
Quebec	+6.6	+16.2	+3.0	+8.4	+9.1	+2.3	6.3	+2.9	+1.0	1.7	2.2	1.7
New Brunswick	+4.1	-2.2	+55.0	+20.6	+9.1	+1.0	8.6	+4.9	+2.8	1.4	1.2	0.9
Nova Scotia	+4.2	+51.8	+43.3	+0.8	+0.7	+0.8	8.2	+2.6	+1.1	0.9	1.3	1.1
Prince Edward Island	+9.2	+70.6	+112.5	+7.1	+10.6	+3.0	10.1	+2.2	+1.7	2.4	1.5	1.3
Newfoundland & Labrador	+2.4	-38.0	-3.1	+46.3	+24.8	-3.5	14.4	+5.3	+3.9	1.9	-1.6	0.4
Canada	+6.5	+11.0	-3.2	+12.3	+6.0	+1.6	6.6	+0.9	+1.7	1.3	2.7	2.0
¹ Compares the average of data for the second quarter of 2017 to the first quarter of 2017.												
² Seasonally-adjusted data.												
³ Change in number of jobs over the period.												
⁴ Year-to-date unemployment rate.												
⁵ Seasonally-adjusted at annual rates.												
⁶ Not seasonally-adjusted data.												
⁷ An average of IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, and CIBC.												
⁸ Average of the thirteen forecast council members: IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, CIBC, BC Real Estate Association, Conference Board of Canada, Central Credit Union, Business Council of BC, Laurentian Bank Securities, Stokes Economic Consulting, and National Bank as of June 6, 2017.												
⁹ Average of IHS Markit, Bank of Montreal, Scotiabank, Royal Bank, TD Bank, and CIBC as of May 16, 2017.												
¹⁰ Percentage point change.												
¹¹ Real GDP for 2016 is based on Statistics Canada's GDP by Industry: Provinces and Territories (May 1, 2017).												

GDP BY INDUSTRY (2016 FIRST ESTIMATE)

Released May 1, 2017

This morning Statistics Canada released its preliminary estimates of real GDP by industry for the provinces in 2016. **(See Background below for further information on GDP measurement.)**

- BC's economy grew by 3.7 per cent in 2016 after growing 3.1 per cent in 2015.
- The Canadian economy as a whole grew by 1.3 per cent in 2016 after increasing by 0.9 per cent the previous year.

In *Budget 2017*, the Ministry of Finance estimated 3.0 per cent growth in BC real GDP in 2016, 0.1 percentage points below the Economic Forecast Council's outlook for the year. The latest private sector average survey (April 28, 2017) expected a 3.1 per cent expansion for 2016.

BC's 2016 real GDP growth ranked first among provinces.

- Real GDP advanced in all provinces in 2016 with the exception of Alberta (-3.8 per cent) and Saskatchewan (-1.0 per cent).
- The largest expansions in 2016 occurred in British Columbia (+3.7 per cent), Ontario (+2.6 per cent) and Manitoba (+2.4 per cent).

With regards to BC, Statistics Canada reported the following:

- Strong demand in the housing market led to higher output of residential building construction and contributed to gains in real estate, rental and leasing, and finance and insurance.
- Retail trade advanced 5.4 per cent, with gains observed across all store types. Transportation and warehousing advanced 5.7 per cent.
- Engineering construction fell as a result of large declines in oil and gas engineering construction for the second straight year. However, other engineering construction grew as work started on a new gold mine.
- Manufacturing output increased 5.8 per cent, with growth largely attributable to a significant increase in alumina and aluminum production following the completion of the modernisation of the Kitimat aluminum smelter. Meanwhile, export driven growth led to higher output of wood products.
- Mining, quarrying and oil and gas extraction grew 3.3 per cent. Conventional oil and gas extraction rose, while copper, nickel, lead and zinc mining declined.

Background:

Typically the Ministry of Finance, the Economic Forecast Council and other entities present estimates and forecasts of real GDP measured on the expenditure side (i.e. the sum of expenditures on personal consumption, business investment, government spending, etc. as reported in *Budget 2017*). In contrast, industry-side GDP is measured as the sum of economic output from each industry in the economy (i.e. the sum of GDP in forestry, construction, manufacturing industries, service industries, etc).

Differences between real GDP growth measured on the expenditure-side and industry-side can be significant. Since 2006, the difference between the annual growth rates reported from these two measurements for BC has been as large as 0.6 percentage points, and 0.3 percentage points on average.

The first estimates of 2016 expenditure-side and income-side GDP are expected to be released in November 2017.

SUMMARY REPORT:

Private Sector Interest & Exchange Rate Forecasts

(NOT FOR FURTHER DISTRIBUTION)

Private sector forecast data as of May 16, 2017

	2017				2018				2017	2018
	Q1 ^a	Q2	Q3	Q4	Q1	Q2	Q3	Q4	annual average	
Canada										
Overnight target rate	0.50	0.50	0.50	0.50	0.52	0.69	0.91	1.12	0.50	0.81
3-month T-bill	0.48	0.53	0.52	0.54	0.59	0.75	0.95	1.16	0.52	0.86
10-year bond	1.71	1.69	1.83	1.98	2.13	2.26	2.41	2.54	1.80	2.33
US										
Fed funds target rate	0.70	1.05	1.26	1.38	1.48	1.60	1.83	2.04	1.10	1.74
3-month T-bill	0.61	0.91	1.12	1.23	1.34	1.50	1.71	1.90	0.97	1.61
10-year bond	2.45	2.40	2.56	2.71	2.84	2.94	3.06	3.15	2.53	3.00
Exchange Rates										
US cents/Can\$	75.6	73.8	73.2	73.7	74.3	75.2	75.9	76.5	74.1	75.5
JPYen/Can\$	85.8	83.1	83.3	83.8	84.2	85.2	86.0	86.3	84.0	85.4
JPYen/US\$	113.5	112.6	113.8	113.7	113.3	113.3	113.3	112.8	113.4	113.2

Forecasts are based on the average of six private sector forecasters (Scotiabank*, CIBC*, TD*, RBC*, IHS Markit, BMO). End of period forecasts are adjusted to period averages.

^a actuals

Overview:

The Bank of Canada held its overnight target rate at 0.50 per cent on April 12, 2017 and noted that despite strength in recent data, there is still considerable slack in Canada's labour market and significant uncertainties weighing on the outlook. Private sector analysts expect the overnight target rate to remain at 0.50 per cent throughout 2017 before rising to average 1.12 per cent in the fourth quarter of 2018. The next overnight target rate announcement is scheduled for May 24, 2017.

The US Federal Reserve maintained the target range for the federal funds rate at 0.75-1.00 per cent on May 3, 2017, stating that the labour market continued to strengthen even as growth in economic activity slowed since their March 2017 meeting. Private sector analysts expect the federal funds rate to steadily increase during the remainder of 2017 and throughout 2018, averaging 2.04 per cent in the fourth quarter of 2018. The decision of the next Federal Open Market Committee meeting will be released on June 14, 2017.

The value of the Canadian dollar has decreased somewhat since early March, partly reflecting weaker commodity prices and a growing gap in interest rates compared to the US. The Canadian dollar was 73.6 US cents on May 16, 2017. Overall, private sector analysts are forecasting the Canadian dollar to average 74.1 US cents in 2017 and 75.5 US cents in 2018.

Risks to the Economic Outlook:

- Potential for a slowdown in domestic economic activity.
- Uncertainty regarding US fiscal and trade policy.
- Fragility in Europe due to elevated sovereign debt levels alongside weak economic growth.
- Slower than anticipated global economic activity in Asia resulting in weaker demand for BC's exports and downward pressure on global commodity prices.
- Exchange rate uncertainty.

SOFTWOOD LUMBER TRADE DISPUTE - LITIGATION AND NEGOTIATIONS UPDATE

Prepared by the Ministry of Forests, Lands and Natural Resource Operations, July 14, 2017

BACKGROUND:

The softwood lumber trade dispute between Canada and the United States (U.S.) is one of the largest and most long-standing trade disputes in the world. Since 1982, Canada and the U.S. have had four significant trade disputes pertaining to softwood lumber, known as Lumber I, II, III and IV. The central issue in these disputes is the U.S. claim that Canadian provinces subsidize timber sales to lumber manufacturers.

The last agreement came into effect October 12, 2006 and expired on October 12, 2015. As a managed trade agreement, it provided stability and certainty for Canadian lumber producers, and allowed export tax to remain in Canada. Under the terms of the agreement, the U.S. was precluded from launching trade action against Canada for a period of one year.

During the one-year standstill period and continuing today, BC and Canada worked to engage the U.S. in negotiations to find a new managed trade agreement for lumber.

BC and Canada have also prepared for the U.S. launch of a new trade case against Canadian lumber.

SUMMARY:

NEGOTIATIONS s.13,s.16

- The B.C. Government formed a Forest Trade Policy Committee of Ministers to advise on SLA issues and negotiating strategy, and appointed a chief negotiator (now John Allan) to represent the province's interests with industry, other provinces and the federal government.
- Throughout 2016, B.C. raised softwood lumber trade as a priority file with the federal government. As well, Prime Minister Justin Trudeau and former President Barack Obama discussed it in their two face-to-face meetings in March and June 2016.
- On February 14, 2017 B.C. appointed David Emerson as the B.C. Trade Envoy to the U.S. David Emerson has visited Ottawa and Washington to assess the political situation in

Washington, to establish relationship with key U.S. stakeholders, and to advocate for B.C.'s interests.

- Canada and the U.S. met several times in 2016, at both the political leadership level and the negotiator level. s.14,s.16

s.14,s.16

LUMBER V

- On December 15, 2016, The U.S. Department of Commerce (Commerce) initiated investigation of the allegations that: Canada and certain provinces are providing countervailable subsidies to softwood lumber exporters from Canada; that Canadian lumber industry is selling at less than fair value (dumping) lumber into the U.S.; and that imports of softwood lumber products are injuring the U.S. industry.
- While the subsidy case targets government actions, the anti-dumping case is aimed at industry and is defended by industry.
- For the first time, Commerce has chosen to conduct a company-specific investigation by choosing the four largest lumber exporters, Canfor, West Fraser, Tolko and Resolute, as mandatory respondents. Except for Resolute, all companies have operations in BC.
- In January 2017, questionnaires were sent to four mandatory respondent companies, as well as to Governments of Canada, B.C., Alberta, Ontario, and Quebec to collect information for the investigation. Responses were filed in March 2017. J.D. Irving (New Brunswick) filed a voluntary response, and the U.S. Department of Commerce chose to accept J.D. Irving as a voluntary respondent.
- On April 24, 2017, the U.S. Department of Commerce issued a preliminary determination of CVD rates. The rates for the chosen companies as well as J.D. Irving were calculated based on company-specific information. The rest of the lumber exporters in Canada received the "all others" rate, which was the average of the company specific rates. The CVD rates are as follows:
 - Canfor 20.26%
 - J.D. Irving 3.02%
 - Tolko 19.50%
 - West Fraser 24.12%
 - Resolute 12.82%
 - "all others" 19.88%
- Canadian companies are required to pay cash deposits on their lumber exports to the U.S. for 4 months starting April 28, 2017 when Commerce published its preliminary determination in the U.S. Federal Register (end of August). After the initial 4-month period, no cash deposits for CVD duties will be required until the Final Order is issued, currently expected in late 2017.

- On June 26, the U.S. Department of Commerce announced preliminary anti-dumping duties as follows:
 - Canfor: 7.27%
 - Resolute: 4.59%
 - Tolko: 7.53%
 - West Fraser: 6.76%
 - “all others” 6.87%
- Companies will need to start paying the additional duties in the form of cash deposits effective June 30, 2017 (once the decision is published in the U.S. Federal Register). According to the current litigation schedule, the preliminary anti-dumping duty will be in effect for 4 months (until October 28, 2017). If a full extension of the timeline for the investigative period is granted for the final duty orders, the preliminary anti-dumping duty will be in effect for 6 months.
- On April 24, 2017, the U.S. Department of Commerce made a preliminary finding of “critical circumstances” (significant increase in Canadian lumber exports) for J.D. Irving and the “all others” group of companies, but not to Canfor, Resolute, Tolko and West Fraser, applying to both the countervailing duty and the anti-dumping cases. This means that Irving and all other companies will be assessed countervailing duties on their shipments made since January 28, 2017 (90 days prior to the notice being published in the U.S. federal register on April 28, 2017).
- The U.S. will issue the final Countervailing Duty and Anti-Dumping Orders, currently expected in late 2017, at which point Canada can appeal the decisions.

s.14,s.16

s.14,s.16,s.17

s.14,s.16

- On June 1, 2017, the federal government announced \$867 million to assist workers and communities across Canada that may be affected by the softwood lumber tariffs. The announced funding was based on recommendations from the Federal-Provincial Task Force on Softwood Lumber.

Agencies Responsible:

Ministry of Forests, Lands and Natural Resource Operations (Softwood Lumber Branch) is the provincial lead working with the Government of Canada, with support from the Ministry of International Trade.

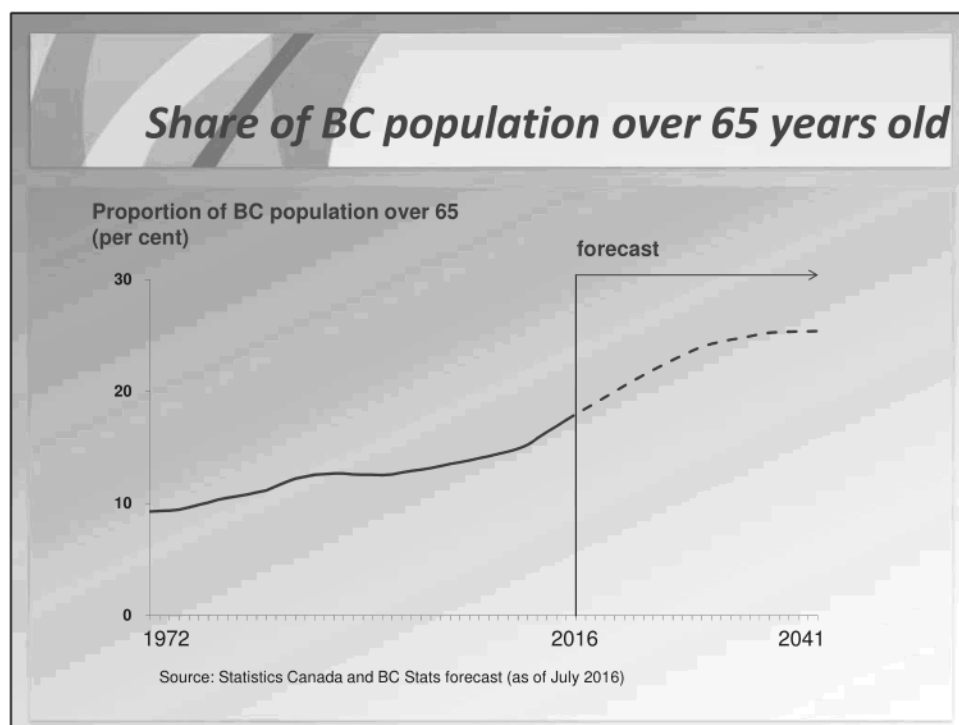
AGING DEMOGRAPHICS

Summary

- Even though BC's economy has been performing relatively well lately, we must keep our eye on the long-term horizon to ensure that Government's finances remain sustainable.
- In 2015, the Auditor General of British Columbia recommended that government "report publicly on its assessment of the province's long-term fiscal sustainability." In the 2016/17 first Quarterly Report the Ministry of Finance presented the first step in that work: a look at the long-run economic prospects of the province (see Appendix).
- In the long-run, there are two major factors that determine economic growth: population (which drives labour supply) and productivity.

Population

- In BC, the annual rate of population growth has slowed from close to 3 per cent in the early 1970s to around 1 per cent in recent years.
- People are living longer than ever. As the chart below shows, the share of British Columbians aged 65 years and over grew from about 9 per cent in 1975 to about 17 per cent in 2015.
- By 2035, BC Stats projects the share of British Columbians aged 65 years and over to rise further to 25 per cent.
- This puts downward pressure on labour supply in the future.



Productivity (output per hour worked)

- Productivity growth is essential to mitigating the impact of slowing labour supply on aggregate economic growth by allowing more output to be created by fewer workers.
- Average Canadian productivity growth has fallen from over 3 per cent per year in the late 1960s to closer to 1 per cent in recent years. Productivity growth in BC has averaged around 1 per cent in the past decade.

Conclusion

- BC is not alone in facing these demographic and productivity challenges.
 - Population growth is slowing in many countries, including Canada, the US and China.
 - Slowing productivity growth has also been a challenge across developed economies.
- Given the projected slowing in labour supply growth (largely due to aging demographics) and an uncertain outlook for productivity, most economists agree that the gradual downward trend in economic growth observed over the past half-century across many jurisdictions including BC and Canada may continue over the longer term.

APPENDIX: TOPIC BOX

Long-run economic prospects in BC

Introduction

In the 2015 report *Monitoring Fiscal Sustainability*, the Auditor General of British Columbia recommended that government “report publicly on its assessment of the province’s long-term fiscal sustainability.” A first step in this process is to assess long-term economic prospects in BC since the economy helps shape fiscal conditions (both opportunities and pressures).

To assess long-run growth prospects, analysts look beyond short-term economic cycles (caused by changes in demand) towards structural factors that determine an economy’s long-run capacity to produce goods and services. Generally speaking, long-run economic capacity and growth depend on labour supply (how many hours are worked in an economy) and labour productivity (how much output is produced in each hour of work). Historical trends observed in both of these variables have implications for long-term economic prospects in the province.

The purpose of this report is to review historical trends in BC’s labour supply and productivity performance in order to assess their potential implications for economic prospects in the decades to come. The review suggests that economic growth is likely to moderate, reflecting aging demographics. This is an issue facing numerous jurisdictions. Given these prospects, the BC government has policies in place to help the province maintain its long-run competitive advantage and fiscal sustainability. By taking a long-term perspective, government can effectively respond to emerging issues that affect British Columbians.

Labour supply

The number of labour hours supplied in an economy is shaped by demographics, which determine the size of the population and the extent to which the population works in

the labour market. In BC, the annual rate of population growth has slowed over the past half-century, from close to 3 per cent in the early 1970s to around 1 per cent in recent years (see Chart 1). This slowdown in population growth has been largely attributable to falling fertility rates among British Columbians, which have been only partially offset by the moderate increase in net migration into the province over that period. A similar slowing phenomenon is occurring in many other jurisdictions, including Canada, the US and China. On an aggregate level, the global fertility rate has fallen from an average of around 5 births per woman in the early 1960s to under 3 births per woman in recent years, while the annual rate of global population growth has slowed from around 2 per cent to closer to 1 per cent over this time horizon.¹

Chart 1 – BC population growth

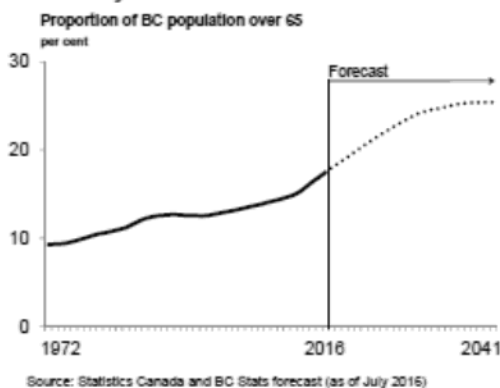


At the same time, people are living longer than ever due to better health care and medical technology, as well as healthier lifestyles and higher living standards. Together with the effects of the baby boom (a twenty-year period of heightened fertility after the Second World War), this increase in average life expectancy amid falling fertility rates has resulted in an overall aging of the BC population over the past several decades, despite fluctuating growth in the number of school age children aged 5 to 19 and growth in the number of adults aged 20 to 64.

¹ International and global demographic data from the World Bank.

Indeed, the share of British Columbians aged 65 years and over grew from about 9 per cent in 1975 to about 17 per cent in 2015 (see Chart 2). Similar trends have been observed across Canada, and in Newfoundland and Labrador in particular where the share of senior citizens increased from about 6 per cent in the early 1970s to about 18 per cent in 2015. Populations are also aging rapidly in many advanced nations including Japan, Italy, Spain and Germany, as well as some developing nations including China.¹ Looking ahead, BC Stats projects the share of British Columbians aged 65 years and over to rise further to 25 per cent by 2035 (as growth in the number of seniors outstrips growth in the number of school age children and adults), with the annual rate of provincial population growth slowing to around 0.8 per cent by that time.

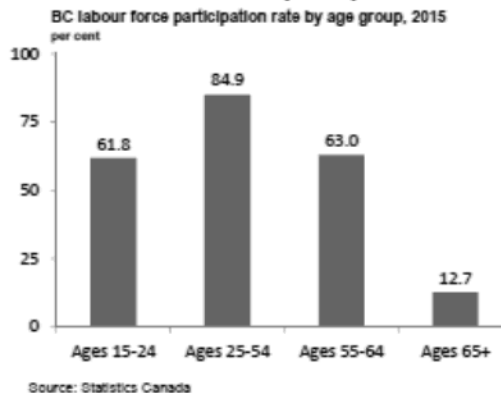
Chart 2 – Share of BC population over 65 years old



Slowing growth of the overall population limits the possible rate of growth of BC's labour supply. In addition, the changing age structure of the population impacts the number of hours worked. Although factors such as improving health and longevity have resulted in many workers delaying retirement, people aged 65 and older continue to participate less in the labour force than younger age groups.² As displayed in Chart 3, on average only 12.7 per cent of British Columbians aged 65 and over participated in the labour force in 2015, compared to 61.8 per cent of youths

aged 15 to 24 years, 84.9 per cent of adults aged 25 to 54 years, and 63.0 per cent of older adults aged 55 to 64 years.

Chart 3 – BC labour force participation rates



The labour force participation rate of adults has generally trended upwards over the past few decades. However, this occurred primarily among women (alongside falling fertility rates) and in the long-run the average participation rate of women will likely converge towards that of men. Furthermore, youths' labour force participation rate has declined in recent decades (partly due to increased emphasis on post-secondary education), and the average hours worked per employee has been trending lower alongside a rising share of part-time employment. There is also some evidence to suggest that physicians, managers, business and financial professionals, and others are tending to work fewer hours in recent years, which may reflect changing preferences around work-life balance. These long-term trends point towards continued slowing in British Columbia's labour supply in the coming decades, the reason proactive initiatives to smooth labour market frictions (such as BC's Skills for Jobs Blueprint) have been a government priority.

Productivity

Productivity growth is vital to an economy's long-term prospects and sustained improvements in quality of life. In essence, productivity is about how effectively labour effort is translated into higher output. Long-run

² Generally speaking, participation in the labour force involves working or actively seeking work.

real wage rates are tied to productivity since businesses cannot remain profitable if they pay workers more than the value of their output. Furthermore, productivity growth is essential to mitigating the impact of slowing labour supply on aggregate economic growth by allowing more output to be created by fewer workers.

However, average Canadian productivity growth has fallen from over 3 per cent per year in the late 1960s to closer to 1 per cent in recent years (see Chart 4). Although historical productivity data for BC are limited, analysts believe that the province has experienced a similar slowdown in productivity growth as observed at the national level. Slowing productivity growth has also been a challenge across developed economies. For example, average annual productivity growth of the Group of Seven (G7) nations – consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States – dropped from around 3 per cent in the 1970s to below 1 per cent over the past few years.³

Chart 4 – BC and Canadian productivity growth



Source: Statistics Canada and BC Ministry of Finance calculations

Economists tend to agree that an educated and skilled workforce, a sound policy environment, and access to capital and new technology are important ingredients for productivity growth. The BC government actively supports all of these areas. The level of educational attainment

in BC has improved over the years, with more British Columbians attending post-secondary institutions than ever before. In addition, a variety of provincial and national public policies have been implemented since the 1990s that would be expected to bolster productivity. Examples of such policies include the implementation of an inflation targeting regime to stabilize prices, the introduction of trade agreements to reduce international barriers, and the elimination of corporate capital taxes to promote investment.

The amount of capital and technology available to workers in BC has generally trended upwards over the past few decades as well. However, similar to other economies (such as Ontario and Quebec), the level of business investment in intellectual property products and machinery and equipment in BC has leveled off somewhat over the past decade. Though the moderation in investment may be playing a role in BC and Canada's modest productivity performance, it is a relatively recent phenomenon and therefore likely does not explain the apparent downward trend in productivity growth underway since the 1970s. The specific reasons for the decline in productivity are therefore unclear.

Research continues on the reasons for variation in productivity growth across time, jurisdictions and industries. New research is taking place in Canada using firm-level data, largely through the Canadian Center for Data Development and Economic Research which was established at Statistics Canada in October 2012. The BC Ministry of Finance is studying this pioneering research and is engaged in discussions with Canadian firm-level productivity researchers. With many productivity-enhancing public policies already in place, research on business behaviour is all the more important as economists endeavour to understand this vital component of economic growth and wellbeing.

Implications

Projected slowing in labour supply growth (largely due to aging demographics) and an uncertain outlook for productivity places

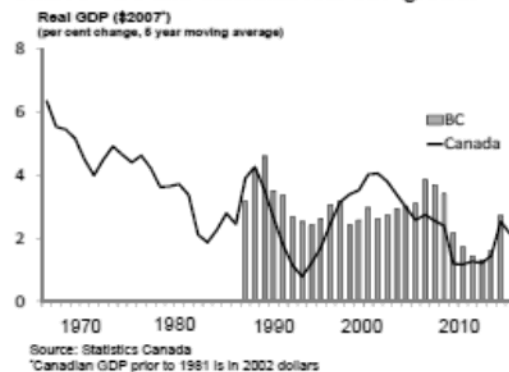
³ International productivity data from the Organization for Economic Co-operation and Development (OECD).

downward pressure on economic growth in the longer term, which has implications for living standards, government revenues and corporate profits in BC as in many other jurisdictions. However, moderating economic growth is not a certainty going forward. There are various events that may unfold that could serve to bolster economic prospects.

Individuals, governments and businesses adapt to changing circumstances. For instance, as older British Columbians retire, potential labour shortages could put upward pressure on wage rates and thereby incent more individuals to participate in the labour force. Governments could adjust policies to increase international immigration and help smooth the transition of immigrants into the local workforce. At the same time, increasing competitive pressures may spur business investment in productivity-enhancing equipment and technology.

In addition, other trends have the potential to shape BC's economic future. Increasing globalization and competition from emerging markets, the effects of climate change and technological progress, and the transition towards a more service-based economy – not to mention unforeseen events – could work to undermine or augment current economic projections. However, despite the uncertainties and caveats, most economists agree that the gradual downward trend in economic growth observed over the past half-century across many jurisdictions including BC and Canada (as displayed in Chart 5) may continue over the longer term.

Chart 5 – BC and Canadian real GDP growth



Conclusions

Demographics and productivity trends point towards moderating long-term economic growth amid an aging population in BC and abroad. BC government initiatives are underway to help ensure fiscal sustainability and maintain the province's competitive advantage, including the following:

- regular long-term population projections by BC Stats and annual 10 year workforce projections in the BC Labour Market Outlook,
- initiatives that foster a diverse economy and export partnerships, such as the BC Jobs Plan and regular trade missions to key emerging markets,
- skills training and labour force development programs such as WorkBC, BC's Skills for Jobs Blueprint, the Sector Labour Market Partnerships Program and the Canada-BC Job Grant,
- programs that support skills training specifically for BC's Aboriginal people, such as the Aboriginal Community-Based Training Partnerships program and programs funded by the Aboriginal Skills Training Development Fund,
- streamlined immigration pathways and services including the Provincial Nominee Program and WelcomeBC,
- ongoing productivity research,
- establishment of the BC Tech Fund to encourage growth in the province's high technology sector,
- strategic investment in infrastructure, including asset condition monitoring and 10 year capital planning within an affordability framework,
- competitive taxation policy, including the lowest general corporate income tax rate among provinces, the elimination of capital taxation, and one of the lowest overall tax burdens for families in Canada, and
- establishment of the Commission on Tax Competitiveness.

These measures will benefit British Columbians regardless of what the future holds. Government will continue its work to address long-run issues while maintaining fiscal discipline and tabling balanced budgets in support of its AAA credit rating.

References

- Auditor General of British Columbia. (2015). *Monitoring fiscal sustainability*.
- Bartlett, R., Bendiner, J., & Kolaj, A. (2015). *From a longer-term growth perspective, West is still the best*. TD Economics.
- Beach, C. M. (2008). *Canada's aging workforce: participation, productivity, and living standards*. Bank of Canada.
- Bloom, D. E., Canning, D., & Fink, G. (2010). Implications of population ageing for economic growth. *Oxford Review of Economic Policy*. 26(4), 583-612.
- Drummond, D. (2011). Confessions of a serial productivity researcher. *International Productivity Monitor*. 2, 3-10.
- Drummond, D., & Bentley, A. (2010). *The productivity puzzle: why is the Canadian record so poor and what can be done about it?* TD economics.
- Drummond, D., & Capeluck, E. (2015). *Long-term fiscal and economic projections for Canada and the provinces and territories, 2014-2038*. Centre for the Study of Living Standards.
- Government of Canada. (2012). *Economic and fiscal implications of Canada's aging population*.
- Labelle, A. (2015). *The new normal: low rates in advanced economies for the long run*. TD Economics.
- OECD (2015). *The future of productivity*.
- Ontario Ministry of Finance. (2014). *Ontario's long-term report on the economy*.

TREASURY BOARD & TREASURY BOARD STAFF

Treasury Board

Responsibilities, Powers, Functions and Duties of Treasury Board

Treasury Board is a committee of the Executive Council whose powers, functions and duties are established in section 4 of the *Financial Administration Act* (FAA), which authorizes Treasury Board to make decisions regarding:

- government accounting policies and practices;
- management practices and systems;
- financial management and control;
- evaluation of government programs as to economy, efficiency and effectiveness;
- government personnel management; and
- other matters referred to it by the Executive Council.

Treasury Board may also make regulations or issue directives to control or limit expenditures or set conditions for any expenditures. Treasury Board works with ministries, Crown corporations and Crown agencies to prepare the province's three-year fiscal plan, and to monitor the management practices and risks and opportunities affecting the operating and debt targets set out in the budget and three-year fiscal plan.

Although Treasury Board is assigned specific responsibility under the FAA, it is the primary responsibility of each minister under the general direction of Treasury Board and the Minister of Finance to ensure that the financial affairs of their ministry are properly administered. In addition, ministers may be designated as being responsible for one or more Crown corporations and agencies (including the Schools, Hospitals, Universities and Colleges or SUCH sector) whose financial affairs may be subject to Treasury Board regulations, directives and policies, and whose Boards are accountable for ensuring that appropriate financial administration is in place.

The Chair of Treasury Board is the Minister of Finance and a member of the Executive Council is appointed and designated as the Vice-Chair of Treasury Board. Treasury Board is comprised of both Cabinet ministers and Members of the Legislative Assembly, with a majority of members having to also be members of the Executive Council.

Treasury Board Meetings

- Treasury Board has regularly scheduled meetings to deal with ministries' financial and related programming issues, including proposed new or changes to fees, fines or administrative penalties. During the budget cycle, when Treasury Board is reviewing annual budget submissions, Treasury Board meetings are more frequent.
- For a meeting to proceed, a quorum of over 50 per cent of Treasury Board members is required. If a quorum is not possible, Treasury Board will commonly defer decisions until a quorum is available, or may refer the item to Cabinet.
- When Treasury Board is reviewing an issue, the Minister who signed the Treasury Board submission (sponsoring Minister) is expected to attend the Treasury Board meeting and may bring a maximum of two ministry staff. For joint Treasury Board submissions (submissions signed by two or more Ministers), the lead Minister may bring a maximum of two ministry staff and the other Minister(s) may bring one supporting staff member.
- For a person who is outside of central government (e.g., staff of a Crown corporation or agency) to be allowed to attend a Treasury Board meeting, an Undertaking of Confidentiality must be signed by that person and their attendance must be approved by the Secretary to Treasury Board (or designate).

Treasury Board Submission Review Process

The Treasury Board submission review process is as follows:

1. The sponsoring ministry is responsible for providing Treasury Board Staff (TBS) a draft of the proposed submission. Once a satisfactory draft submission has been received by TBS, the item will be tentatively scheduled for a Treasury Board meeting. A signed submission is required no later than 10 working days prior to the scheduled Treasury Board meeting date. The Treasury Board meeting for which a submission has been tentatively scheduled is subject to change as each agenda is finalized by the Chair based on available meeting times and the relative priority of each potential agenda item.
2. Submissions fall into two categories:
 - 1) major items, which will be presented to the full Board, and
 - 2) minor items, which are presented to the Chair or Vice Chair only and then minuted to the full board.
3. The Deputy Secretary and Secretary to Treasury Board will advise whether an item will proceed as a major or minor item, but the Chair makes the final decision on routing. Minor items are reviewed by Treasury Board on a regular basis and are expected to meet the following criteria:
 - both the ministry and TBS agree on the proposed recommendation;
 - there are no significant financial or other policy implications; and
 - the item is funded within the government's fiscal plan.
4. Once the signed submission is received, TBS reviews the submission and prepares a briefing note for Treasury Board, which includes analysis of the request, consideration of the various

options (not necessarily limited to those presented by the ministry/Crown) and a proposed recommendation. In drafting the briefing note, TBS consults with ministry staff to ensure accuracy and factual content, that the discussion points are relevant, and that options presented are viable. However, ultimately TBS determines the content of the Treasury Board briefing note, including the recommendation.

5. TBS provides a penultimate draft of the briefing note to the Deputy Minister of the sponsoring ministry prior to the Treasury Board meeting for sign off that the information contained in the briefing note is factually correct. An item will not proceed to Treasury Board until there is agreement on the factual accuracy of the briefing note.
6. TBS delivers submissions and briefing notes in a binder (or via electronic SharePoint) to Treasury Board members two to three working days prior to the meeting. Material that is highly sensitive or, with the approval of the Chair, that was provided too late to be included in the binder may be “walked in” to a Treasury Board meeting.
7. The agenda for a meeting is developed by the Deputy Secretary to Treasury Board in consultation with TBS and is confirmed by the Secretary and Chair of Treasury Board. Draft agendas are developed and reviewed up to two weeks prior to each meeting with the final agenda and times set by the Chair during the week prior to the meeting. Due to time constraints, less pressing items may be deferred.
8. At the Treasury Board meeting, generally the lead TBS analyst will brief Treasury Board members on the issue, including TBS’s recommendation; then the sponsoring Minister is provided an opportunity to provide comments. The Minister may refer to staff to further elaborate on the issue.
9. The TBS analyst and the sponsoring Minister and ministry/Crown agency staff normally remain in Chambers during Treasury Board’s deliberations and are available to answer questions from Treasury Board members.
10. Decisions made by Treasury Board are recorded by TBS as Treasury Board minutes, which, after signoff by the Chair, are reviewed by Cabinet at the next Cabinet meeting.
11. Following Cabinet ratification, the Chair of Treasury Board informs the sponsoring Minister(s) by letter of Treasury Board’s decision.

Member Conflict

When a Treasury Board member's ministry/Crown is making a submission to Treasury Board, the member will cross the table and sit with ministry/Crown officials. The member does not vote on the submission.

If a member has reasonable grounds to believe that he or she has a conflict of interest regarding any matter being discussed at Treasury Board, that member must:

1. Complete and sign a *Conflict of Interest Disclosure Form* and provide the form to the Secretary to Treasury Board (or staff) at the time of recusal; and
2. Withdraw from the meeting without participating in the consideration of the matter.

Recusing members should also be absent from Cabinet discussion when the Treasury Board minute containing the recusal item is reviewed by Cabinet. Signed recusal forms are attached to the appropriate Treasury Board minute and kept in the Deputy Secretary to Treasury Board's minute file. The Secretary to Treasury Board sends a monthly recusal status report to Cabinet Operations. When a decision relating to a recusal becomes public, the recusal is forwarded to the *Conflict of Interest Commissioner*.

Agencies Providing Support to Treasury Board

The following central agencies assist Treasury Board in fulfilling its responsibilities:

Treasury Board Staff (TBS) supports the Board and the Minister of Finance by:

- acting as a secretariat for Treasury Board, including coordinating and managing Treasury Board meetings throughout the year;
- reviewing and analysing ministry proposals to ensure cost effective use of financial resources and alignment with government priorities, and providing recommendations to Treasury Board;
- preparing the government's annual Budget and Three-Year Fiscal Plan, Estimates, economic forecasts, Quarterly Reports/forecasts and the Financial and Economic Review;
- managing the budget development process;
- developing and recommending a rolling enterprise-wide capital plan in support of the corporate strategic priorities of government;
- monitoring and forecasting government revenue, expenditures, capital and debt, and risks and opportunities related to the three-year fiscal plan;
- integrating government's capital planning framework through ensuring consistent capital and operating spending assumptions;
- evaluating and reviewing commercial Crown corporation initiatives, performance measures, investments, budgets, performance management and related financial issues;
- developing and monitoring the implementation of proposals to achieve government's strategic priorities for commercial Crown corporations;

- formulating and implementing corrective measures to keep government's fiscal plan on track through the year;
- establishing government management policy in accordance with the Board's overall direction and philosophy (example – Treasury Board Directives);

The **Office of the Comptroller General (OCG)** supports Treasury Board in establishing financial management and control policies for government's revenues, expenditures, assets and liabilities, including the form and content of the Public Accounts, and ensures government reporting is consistent with generally accepted accounting principles (GAAP).

The Ministry of Finance also provides the internal audit function for government through **Internal Audit and Advisory Services (IAAS)**. IAAS provides independent assessment and advice to Cabinet, through Treasury Board to improve effectiveness, efficiency and value for money, including an annual risk assessment, corporate audit work plan, and status reports on the implementation of IAAS recommendations.

The **Crown Agencies Resource Office (CARO)** within the Ministry of Finance provides policies and guidelines to ensure a sound governance framework for British Columbia's Crown corporations and other public sector organizations. CARO also provides ongoing advice, information and support to ministries, Crown corporations and other public sector organizations to promote good governance, transparency, accountability and strategic alignment.

The **BC Public Service Agency in the Ministry of Finance** advises government on personnel management, primarily relating to employees covered by the *Public Service Act* (mainly government ministry employees).

The **Public Sector Employers' Council (PSEC) in the Ministry of Finance** is mandated by statute with setting strategic directions in labour relations and human resources for the broader public sector (including provincial Crown corporations, health authorities, school districts, and provincial post-secondary institutions). PSEC is chaired by the Minister of Finance and includes a representative from each of the six public sector employers' associations, ¹the Head of the Public Service Agency and other members – either ministers or deputy ministers – appointed by orders-in-council. The Public Sector Employers' Council supports Treasury Board by:

- developing bargaining unit compensation mandates across the broad public sector and ensuring accountability among employers;
- managing executive compensation and severance mandates and costs;
- addressing broader strategic human resource issues, including labour market planning and establishing linkages between government policy and labour relations and human resource initiatives in each sector; and
- gathering compensation data for the broader public sector and providing strategic labour relations and human resource policy analysis and advice.

¹ The six public sector employers' associations include: Health Employers Association of BC, Community Social Services Employers' Association, BC Public School Employers' Association, Post-Secondary Employers' Association, University Public Sector Employers' Association, and Crown Corporations Employers' Association of BC.

SECRETARY TO TREASURY BOARD & TREASURY BOARD STAFF RESPONSIBILITIES

Treasury Board Staff

David Galbraith – Associate Deputy Minister, Treasury Board Staff and Secretary to Treasury Board

Overall responsibility for the operations of Treasury Board Staff and management of the Treasury Board process, and the development and monitoring of the government budget and fiscal plan.

Gord Enemark – Executive Director, Performance Budgeting Office, SUCH Sector Ministries (Schools, Universities, Colleges and Health Sector)

Jonathan Dubé – Executive Director, Performance Budgeting Office, Social Ministries

Alex Chandler – Executive Director, Performance Budgeting Office, Economic Development Ministries

Heather Hill – Executive Director, Capital

The Performance Budgeting Office (PBO) is responsible for developing and monitoring the expenditure component of government's three-year fiscal plan, and identifying, assessing, monitoring and managing significant risks and opportunities relating to the plan. PBO provides strategic advice to Treasury Board on the allocation of budgets to ministries and in cooperation with other TBS branches, assists in the development of the provincial Budget, Estimates, quarterly reports, financial and economic plans and forecasts.

PBO also reviews the financial and economic implications of proposals for legislative and regulatory change, including Cabinet submissions that significantly impact the province's three-year fiscal plan, assessing the financial and economic impact of major projects involving public investment or expenditure, and providing support for the various Cabinet Committees' policy deliberations.

PBO is also responsible for developing and recommending a rolling three-year and long-term, enterprise-wide capital plan to support the corporate strategic priorities of government; providing oversight of key risks and opportunities related to the three-year capital plan; reviewing proposed changes to the plan; and, enhancing government's due diligence on capital projects, including public-private partnerships. The scope of this mandate includes consolidating all government capital investments within the government reporting entity: ministries; school districts, universities, colleges and health authorities (SUCH); and taxpayer-supported Crown corporations.

Chris Skillings – Executive Director, Fiscal Planning and Estimates, Estimates and Reporting

Dave Riley – Executive Director, Fiscal Planning and Estimates, Fiscal Planning

The Fiscal Planning and Estimates Branch (FPE) is responsible for compiling, monitoring and continually updating government revenue, spending, debt and capital forecasts in order to keep Treasury Board up-to-date on the fiscal situation of the Province. The forecast updates are also used for inclusion in the government's budget and three year fiscal plan, the annual estimates, quarterly reporting and other associated budget and fiscal documents.

FPE develops, prepares and coordinates the production of the government's Budget and Fiscal Plan, the annual Estimates and Supplement to the Estimates, Quarterly Reports, the British Columbia Financial and Economic Review and Supplementary Estimates, when required.

Other Branch responsibilities include coordinating the preparation of Supply Bills and related financial legislation, updating accounting and reporting policies for government's financial reports in conjunction with the Office of the Comptroller General and providing financial analysis support to the Provincial Treasury in their relations with rating agencies and international investors.

FPE also provides advice and analysis to Treasury Board on government's commercial Crown corporations, including review and analysis of financial projections, overview and advice on performance benchmarks, and advice on commercial Crown policy issues that have an impact on government's fiscal plan.

Sadaf Mirza – Executive Director, Chief Economist, Economic Forecasting and Analysis

The Economic Forecasting and Analysis (EFA) branch supports development and management of the government's Budget and Fiscal Plan by providing analysis and advice on the economy, and by developing forecasts of the provincial economy, and monitoring the provincial economic forecast. The branch contributes to various public reports on the Province's economic and fiscal performance and outlook, such as the government's Budget and Fiscal Plan, Quarterly Reports and the British Columbia Financial and Economic Review. The branch also provides economic analysis support to Provincial Treasury in their relations with rating agencies and international investors.

The mandate and vision of the EFA branch is three-fold: to provide timely and accurate economic policy analysis and advice to the Minister of Finance and key stakeholders; to proactively evaluate relevant policy issues through the use of current economic analysis methodologies; and for prudent economic forecasting to support government's budget and fiscal planning.

5C TREASURY BOARD AND CABINET COMMITTEES

Previously established Cabinet Committees include:

Priorities and Planning Committee

Treasury Board (per the Financial Administration Act)

Cabinet Committee on Secure Tomorrow

Cabinet Committee on Strong Economy

Legislative Review Committee

Environment and Land Use Committee (per the Environment and Land Use Act)

Cabinet Working Group on Liquefied Natural Gas

Cabinet Working Group on Climate Leadership

Cabinet Working Group on Mental Health

TREASURY BOARD STAFF BRIEFING NOTE

REQUEST NO.: (MINISTRY IDENTIFIER)

T.B. MEETING DATE:

TITLE: YOU CAN MAKE UP THE TITLE IF MINISTRY TITLE IS TOO LONG OR DOESN'T REALLY EXPLAIN THE REQUEST/ISSUE AT HAND

ISSUE SUMMARY:

- Provide a brief summary of ministry request and clearly state the fiscal plan impact.
- Identify only the single most significant concern, risk or issue that is particularly relevant to the decision.
- The fiscal impacts must be identified (operating, capital, revenue, etc.) or if there are none, say so and briefly state why.
- Avoid context/background.
- This section should not be used to outline the argument, logic or rationale for the recommendation.

Previous reviews of the proposal

- Identify previous reviews of this request or relevant, related issues including the committee (e.g., Cabinet, Treasury Board), what was reviewed, when and direction provided. *e.g., On May 15, 2009, Treasury Board approved a mandate to negotiate an agreement with First Nations, subject to conditions, with the ministry to return to Treasury Board before an irrevocable commitment is made.*
- This should not be an exhaustive list of previous reviews but rather, should provide information pertinent to the current issue.

Timelines

- When is a decision needed by and why (i.e., is this urgent and why does the item require review at this time).

RECOMMENDATION:

- State the TBS recommendation, including conditions. Do not state the option number.
 - Recommendation should be identical to the recommended option under the *Options* section, including conditions. Do not include pros and cons from the *Options* section.
-

CONTEXT:

- Summarize the ministry proposal in a few bullets, simply and clearly – what specifically are they requesting and why, how much will it cost and funding source?
 - Provide any additional relevant detail not provided in the Issue Summary, including other challenges faced by the ministry.
-

DISCUSSION:

- This is not a regurgitation of the ministry submission but TBS analysis and findings articulated in a logical argument leading to options.
- Identify whether the request/proposal is inconsistent with any previous Cabinet or Cabinet committee direction.
- Include level of detail and discussion items that are pertinent to decision making for Treasury Board members.
- Identify and discuss risks, e.g., risks to the fiscal plan, delivery or implementation risks.
- Use tables or charts for presenting numerical information wherever it makes sense and when best format for presenting information. Use tables to outline fiscal impacts or other key quantitative findings that will support your arguments or provide key information on the issue.

Implications for other decisions/initiatives

- Cross ministry implications or on other ministry programs, e.g. does this set a precedent for future similar circumstances or for other sectors?
 - Does the recommendation conflict with other government decisions or programs?
-

OPTIONS:

1. Provide reasonable options as determined by TBS. Options do not need to include all the ministry's options but should include the ministry's recommended option and may include options not presented by the ministry.

Include conditions relevant to the option. Where possible, keep conditions and report backs at a high level without prescribing details that Treasury Board may not be interested in. Process may be provided through the Secretary to Treasury Board, e.g., details on report requirements are to be provided by the Secretary to Treasury Board.

The recommended option should reflect the full recommendation including all the conditions and reporbaks. The recommended option, excluding the pros and cons, will be copied to the *Recommendation* section on the first page.

Provide pros and cons for each option. Standard evaluation criteria for pros and cons are: effect on ministry/government outcomes, financial considerations including cost, and revenue (amount and source), and stakeholder reaction. Avoid duplication and repetition (refer to previous options pros and cons if the same).

Pros:

- Pro #1

Cons:

- Con #1

2. Options should include at least two options and preferably at least three.

3.

RECOMMENDATION AND RATIONALE:

Identify the number of the recommended option (e.g., Option 2.). Do not reiterate the recommended option.

Provide a clear rationale for why TBS recommends this option (by the time the reader gets to the rationale the reason for the recommendation should already be clear).

TBS Contact:

Date

Draft sub. 1st received: Date

Final draft received: “No” or Date

Signed sub. received: “No” or Date

TB briefing note provided to the Ministry:

Draft sent: “No” or Date

Final sent: “No” or Date

Min. DM fact sign-off: “No” or Date

Document1

TREASURY BOARD MINUTE

REQUEST NO.:

T.B. MEETING DATE:

TITLE:

ISSUE SUMMARY:

-

Previous reviews of the proposal

-

Timelines

-

TBS RECOMMENDATION (PENDING TREASURY BOARD DELIBERATION):

-

BACKGROUND:

Ministry proposal

-

Issues arising from the proposal

-

Implications for other decisions/initiatives

-

Document1

TB Minor Meeting Date:

Ministry of

Title & Submission Identifier

Request:

Discussion/Comments:

Decision and Rationale:

Approved by: Treasury Board

TB Meeting Date:

Conditions:

**MINISTRY OF FINANCE
FINANCIAL IMPACT ASSESSMENT
ADVICE TO THE MINISTER**

Subject:

Submission Date: (or Cabinet date if that's all you have)

Cabinet Message: (in bold)

Issue Summary: (1- 2 bullets)

- Point 1
- Point 2

Key Points: (3-5 bullets)

- Point 1
 - Point 2
 - Point 3
 - Point 4
 - Point 5
-

Financial Impact:

(1-2 bullets and table; if table doesn't make sense for your item, you have option to delete it)

- Point 1

(\$ millions)

Total Potential Cost:

2017/18	2018/19	2019/20

Prepared by:

Analyst: your name here, Treasury Board Staff

Phone:

Date:

5D TREASURY BOARD STAFF TEMPLATES

A. Treasury Board Staff Briefing Note

- Prepared for the advice of the Treasury Board Chair and Treasury Board.
- Summarizes the financial elements of ministry requests, fiscal plan considerations, and any potential risks.
- Includes a Treasury Board Staff recommendation for Treasury Board consideration.

B. Treasury Board Major Minute

- A Major Minute records the decision reached on an item by Treasury Board for review and ratification by Cabinet.

C. Treasury Board Minor Minute

- A Minor Minute records the decision reached by the Treasury Board Chair for review and ratification by Treasury Board.

D. Financial Impact Assessment

- Financial Impact Assessments are prepared by Treasury Board Staff to provide the Minister of Finance with an overview of key fiscal concerns or implications arising from submissions being reviewed by Cabinet and Cabinet Committees.

REFERENCE MATERIAL

- Aspects of government's financial management are governed by a number Acts, including the *Financial Administration Act*, the *Budget Transparency and Accountability Act*, and the *Balanced Budget and Ministerial Accountability Act*.

Copies of the Acts follow the summaries presented below.

Financial Administration Act

- The *Financial Administration Act* (FAA) provides the main legislative framework for the fiscal affairs of government. Section 4 provides the composition and authority for Treasury Board, while sections 5 and 6 lay out the role of the Ministry of Finance and the Minister of Finance, respectively. The Act goes on to list authorities and restrictions with respect to revenues, expenditures, assets (including the BC Prosperity Fund), and liabilities.

Budget Transparency and Accountability Act

- The *Budget Transparency and Accountability Act* (BTAA) provides the legislative framework for a regular cycle of planning, reporting and accountability. The Act specifies the content and reporting dates for the Estimates and budget, quarterly reports, and the Public Accounts. The Act also requires ministries and most government agencies producing three-year service plans and annual service plan reports.

Balanced Budget and Ministerial Accountability Act

- The *Balanced Budget and Ministerial Accountability Act* (BBMAA) holds ministers collectively and individually accountable for governments fiscal results. BBMAA requires a comparison of expected and actual performance results in the form of a ministerial accountability report be released with the Public Accounts. A holdback of 20% of ministerial salaries is payable after release of the Public Accounts where financial and non-financial requirements are met. Half of the holdback relates to collective responsibilities with respect to meeting overall surplus bottom line result, and half relates to individual ministerial responsibilities for meeting expense targets or other non-financial targets.

Office of the Associate Deputy Minister

GAMING POLICY AND ENFORCEMENT BRANCH (GPEB)

ADM Responsible: John Mazure

Core Business:

GPEB regulates all gambling in B.C., ensures the integrity of gaming industry companies, people and equipment, and ensures compliance with the policies and standards established under the *Gaming Control Act*. This includes oversight of the British Columbia Lottery Corporation (BCLC), B.C.'s horse racing industry, and licensed gambling events. GPEB also delivers responsible and problem gambling programs, and distributes gaming funds to community organizations and other recipients.

The Branch:

- Develops and manages gaming policy, legislation and standards
- Regulates all aspects of B.C.'s gambling industry and horse racing
- Licenses charitable gambling events
- Registers gaming service providers and workers, and approves and certifies gaming equipment and lottery schemes
- Audits charitable and commercial gaming activities to ensure compliance
- Ensures a comprehensive approach to risk management for branch operations and the gaming industry at large
- Investigates all alleged contraventions of B.C.'s *Gaming Control Act* and, in cooperation with law enforcement, alleged contraventions of relevant sections of Canada's *Criminal Code*
- Manages the distribution of government's gaming proceeds, including payments to local governments and the horse racing industry
- Manages the Province's Responsible Gambling Strategy, including the Responsible and Problem Gambling Program, in order to minimize harm and promote responsible gambling practices

Budget: \$19.876 million (FY2016/17)

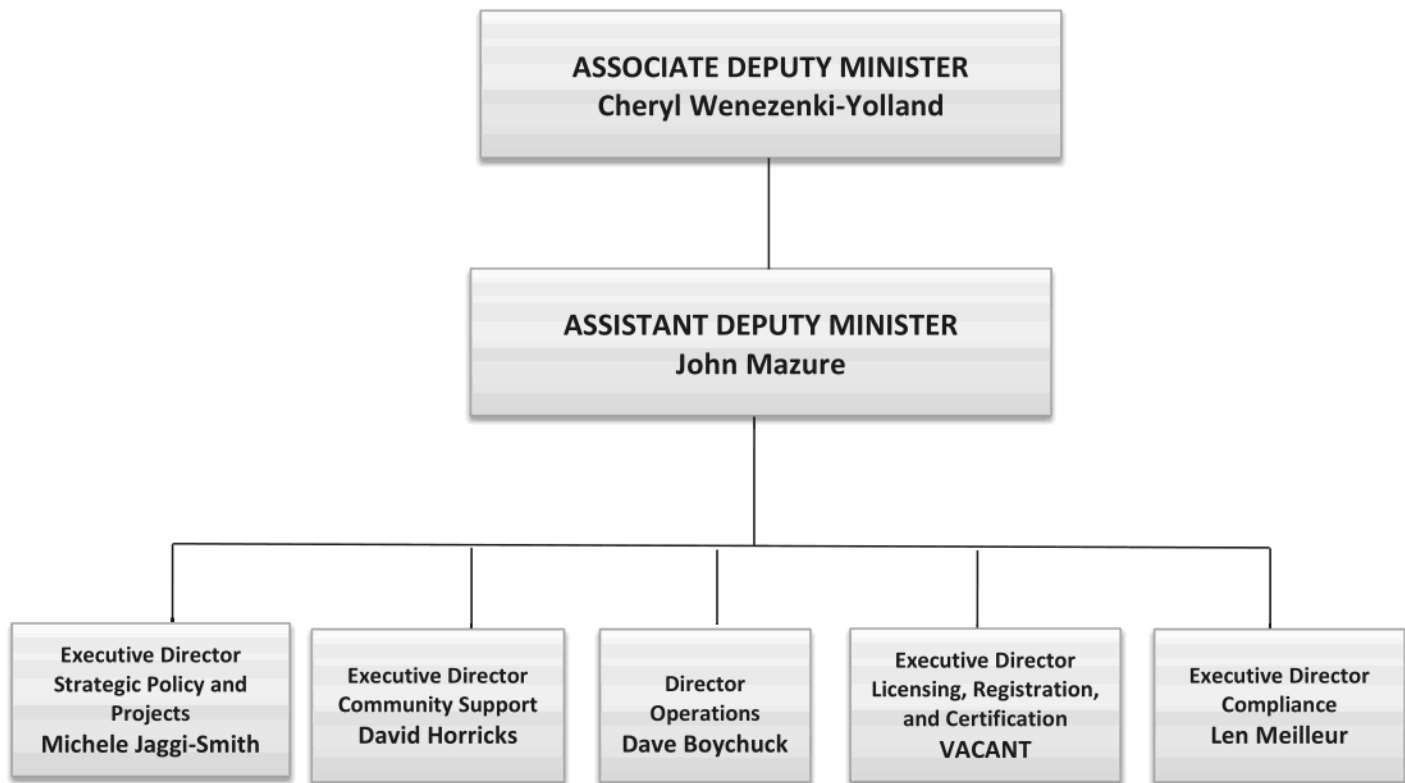
Full Time Equivalents (FTEs): 156 FTEs

Related Legislation:

Gaming Control Act
Gaming Control Regulation
Criminal Code of Canada

Organizational Chart:

GAMING POLICY AND ENFORCEMENT BRANCH





MINISTRY OF FINANCE – Gaming Policy and Enforcement Branch (GPEB)

Key Stakeholders

Branch	Organization	Contact	Description	Key Issues	Address
GPEB	Great Canadian Gaming Corporation	Rod Baker Rbaker@gcggaming.com	Horse Racing Track operator (Hastings & Fraser Downs)	<ul style="list-style-type: none"> Horse racing race dates Horse racing track condition 	
GPEB	Gateway Casinos and Entertainment	Tony Santo Chief Executive Office tsanto@gatewaycasinos.com	Gambling Service Provider	<ul style="list-style-type: none"> Casino operations Service provider commissions 	
GPEB	Canadian Thoroughbred Horse Society	Grant Watson, President s.22 watson.bay.stables@shaw.ca Bette-Jean (BJ) Davidson, General Manager 604-534-0145	Promotes & protects horse breeders. Sponsors, assists & conducts sales of thoroughbred horses.	<ul style="list-style-type: none"> Rule Changes Horse racing race dates 	17687 – 56A Avenue, Surrey, BC V3S 1G4

Branch	Organization	Contact	Description	Key Issues	Address
GPEB	Horsemen's Benevolent & Protective Association (HBPA)	David Milburn, President 604-647-2211 davidmilburn@hotmail.com	Protects interest of horsemen	<ul style="list-style-type: none"> Horse racing rule changes Horse racing race dates 	25225 40 th Avenue, Aldergrove, BC, V4W 1X2
GPEB	Standardbred Canada	Dan Gall, President 905-858-3060	Official registry & record keeping body for Canadian Standardbred industry	<ul style="list-style-type: none"> Record keeping 	2150 Meadowvale Boulevard, Mississauga, ON L5N 6R6
GPEB	Canadian Pari-Mutuel Agency (CPMA)	Steve Suttie, Executive Director 613-759-6448	Supervises pari-mutuel betting	<ul style="list-style-type: none"> Drug testing (horses) Betting regulations 	
GPEB	BC Thoroughbred Owners & Breeders Association (TOBA)	Ole Nielsen, Director 604-534-0145	Acts as voice for thoroughbred owners and breeders	<ul style="list-style-type: none"> Horse racing rule changes Horse racing race dates 	#7 – 5492 Production Boulevard, Surrey, BC

Branch	Organization	Contact	Description	Key Issues	Address
GPEB	Horse Racing Industry Management Committee (HRIMC)	Jim Lightbody, Chairman	<ul style="list-style-type: none"> Aims to revitalize horse racing in BC Committee memberships include Thoroughbred Owner & Breeders Association, Great Canadian Gaming Corporation (as track operator), Horse Racing BC, and the British Columbia Lottery Corporation 	<ul style="list-style-type: none"> Manage horse racing industry Distributes share of slot machine revenues to Thoroughbred Owner & Breeders Association and Horse Racing BC. 	
GPEB	Harness Racing BC (HRBC)	Donna Strachan, President 604-574-5558 info@harnessracingbc.com	Represents harness horsemen (owners, trainers & drivers)	<ul style="list-style-type: none"> Horse racing race dates Horse racing rule changes 	17740 – 62 Avenue, Surrey, BC V3S 3S5
GPEB	The Betting Company - Teletheatre BC	Bill McNeil, General Manager, 604-574-6900	Operates 22 Racebook off-track wagering sites	<ul style="list-style-type: none"> Off track betting and viewing 	#220 – 17667 65A Avenue, Surrey, BC, V3S 1Z8

Branch	Organization	Contact	Description	Key Issues	Address
GPEB	BC Association for Charitable Gaming	David Sheach, Executive Director, 604-568-8649	Represents charities and non-profit organizations in BC	<ul style="list-style-type: none"> • Gambling event licences 	18701 66 Avenue Surrey, B.C., V3S 4P3 1-888-672-2224 1-604-568-8649
GPEB	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	Murray Dugger Regional Director Western Region (604) 666-8245 Murray.dugger@fintrac-canafe.gc.ca	Canada's financial intelligence unit to facilitate the detection, prevention, and deterrence of money laundering and financing of terrorist activities.	<ul style="list-style-type: none"> • Discussions on Gambling Industry guidelines and reports • Anti-money laundering • Proceeds of crime 	
GPEB	BC Gaming Industry Association (BCGIA)	Peter Goudron Executive Director 604-862-3158	Provide strategic leadership for 14 BC Gaming operators.	<ul style="list-style-type: none"> • Service Provider Commissions 	

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Anti-Money Laundering (AML)

Issue: Anti-Money Laundering (AML)

- Government's anti-money laundering (AML) strategy has made significant progress since it was first launched in 2011, however, there will always be a need for vigilance regarding the potential for proceeds of crime entering B.C. gambling facilities.
- The Gaming Policy and Enforcement Branch (GPEB) continues to work with the British Columbia Lottery Corporation (BCLC), gambling facility operators, and law enforcement agencies in a sustained effort to combat money laundering.

Background:

- Government launched the AML strategy in 2011, initially focusing on reducing the use of cash in B.C. gambling facilities through the development and promotion of cash alternatives. These include electronic fund transfers and patron gaming accounts that allow customers to open a casino account, withdraw funds prior to play, and deposit again at the end of play. ^{s.15}
- In April 2016, the Ministers of Finance and Public Safety and Solicitor General, and the Combined Forces Special Enforcement Unit – B.C. (CFSEU) created the Joint Illegal Gaming Investigations Team (JIGIT). JIGIT is situated within the CFSEU, the RCMP's Surrey-based integrated anti-gang agency with officers from federal, provincial and municipal agencies. JIGIT's mandate is to address organized crime involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. ^{s.15}
- In May 2016, GPEB also formed an Intelligence Unit within its Compliance Division. The unit's mandate is to provide stakeholders, management, executive and government with situational awareness of threats to the integrity of gambling. The unit gathers and analyzes open source and operational intelligence by working with local, regional, national and international law enforcement, security, and intelligence agencies.
- BCLC is required to report large-cash transactions over \$10,000, foreign exchanges over \$3,000, and all "suspicious" transactions at gambling facilities to the federal Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC). ^{s.15}
GPEB has a Memorandum of Understanding (MOU) with FINTRAC that allows FINTRAC to share results of BCLC audits with GPEB.
- In addition to meeting its reporting requirements to FINTRAC, ^{s.15}

Decision Required:

- Further AML initiatives may require GPEB's General Manager (GM) or the Minister of Finance to issue directive(s) to BCLC and/or GPEB. The Minister and the GM have the authority under the *Gaming Control Act* to issue written directives to BCLC and BCLC is required to comply. GM directives related to BCLC require approval of the Minister.

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB) Anti-Money Laundering (AML)

Issue:

- Although government's anti-money laundering (AML) strategy has made significant progress since it was first launched in 2011, s.15 s.15
- The Gaming Policy and Enforcement Branch (GPEB) continue to work with the British Columbia Lottery Corporation (BCLC), gambling facility operators, and law enforcement agencies in a sustained effort to combat money laundering.

Background:

- The AML strategy was launched in 2011, initially focusing on reducing the use of cash in B.C. gambling facilities through the development and promotion of cash alternatives, such as electronic fund transfers and patron gaming accounts at casinos.
- s.15
- In April 2016, the Ministers of Finance and Public Safety and Solicitor General, and the Combined Forces Special Enforcement Unit B.C. created the Joint Illegal Gaming Investigations Team (JIGIT). JIGIT's mandate is to address organized crime involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. s.15 s.15
- In May 2016, GPEB also formed its own Intelligence Unit within its Compliance Division. The unit's mandate is to provide stakeholders, management, executive and government with situational awareness of threats to the integrity of gambling. The unit conducts the intelligence function by working with local, regional, national and international law enforcement, security and intelligence agencies.
- BCLC is required to report large-cash transactions over \$10,000, foreign exchanges over \$3,000, and all "suspicious" transactions to the federal Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC). s.15 s.15
- In addition to meeting its reporting requirements to FINTRAC, s.15 s.15
- s.15

Decision Required:

- Further AML initiatives may require the General Manager, GPEB, with the approval of the Minister, or the Minister, to issue directive(s) to BCLC and/or GPEB.

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Service Provider Commission Review

Issue: Service Provider Commission Review

Background (high level):

- BCLC is a Crown Agency responsible for the conduct and management of lottery, casino, bingo and online gaming on behalf of the Province of British Columbia, in accordance with the Gaming Control Act of British Columbia (2002).
- The service provider commission structure has been in place since BCLC was given its mandate in 1997. BCLC's model has resulted in some of the best in class casinos and community gaming centres in Canada.
- The release of the Ministry of Finance's Crown Review of BCLC in December 2016 called upon BCLC and the Ministry of Finance to "conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure."
- In consultation with its service providers, BCLC is developing a new commission structure leading to the creation of a new Operational Service Agreement (OSA), which defines the service and operating responsibilities of service providers and overall compensation structure.

s.17

Page 13

Withheld pursuant to/removed as

s.13;s.17

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB) Horse Racing in British Columbia

Issue: Horse Racing in British Columbia

- Horse racing, and wagering thereon, is regulated by the Gaming Policy and Enforcement Branch (GPEB). Government also provides financial support to the industry through two different mechanisms, a refund of taxes on betting, and contribution of revenue from slot machines at horse racing tracks.
- In the spring of 2017, one of the two breed associations, Harness Racing British Columbia (HRBC) which speaks for the standardbred side of the industry, met with senior Ministry staff asserting that the distribution of the income derived from provincial support of the industry was either incorrect or patently unfair.
- Following the meeting with Ministry of Finance, Internal Audit & Advisory Services (IAAS) agreed to clarify the facts for the breed associations and track operator regarding the dissemination of funds between the parties through the Horse Racing Industry Management Committee (HRIMC). IAAS expects to complete its work in summer 2017.

Background:

- The horse racing industry receives 25% of the revenue from slot machines at the two permanent race tracks (Hastings and Fraser Downs), which was \$11.73 million in 2016/2017.
- The province collects levies on horse race wagering to offset the direct costs of regulating the industry. In 2016/17 \$2.34 million in levies were returned to the industry, of \$4.29 million collected. \$1.878 million was retained by the province in respect of administration costs related to regulating the industry.
- Currently the \$11.73 million in slot revenue is split equally between the two breed associations.
- In 2009, HRIMC was formed to bring the industry together under a single team to work towards the revitalization and sustainability of the horse racing industry. It consists of members from both the Standardbred and Thoroughbred horse racing sectors, the British Columbia Lottery Corporation (BCLC) and the track operator, Great Canadian Gaming Corporation. The HRIMC provides a forum for members to discuss and resolve matters of interest and conflict.
- As part of the cooperative agreement between the members of the HRIMC have also agreed to the distribution of revenues earned from horse racing and received from the province and to the number of race days between the two breeds.
- Industry stakeholders have established multi-year revenue sharing agreements, which split revenue between the three industry participants: the Thoroughbred sector, the Standardbred sector, and the track operator. The HRIMC also administers a marketing and advertising fund for promotion and improvement of horse racing.
- GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. GPEB looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

Other Industry Concerns:

- Earlier this year, some Standardbred industry participants also expressed concern regarding the impact of the loss of nine race days due to poor weather conditions and the condition of the race tracks as a contributing factor to the lost race days on industry sustainability. The lost race days were not raised as a significant issue at the meeting with senior Ministry staff as the track operator has agreed to provide four additional race days in the fall.
- Under the terms and conditions of the track operator's license, the track and facilities must be maintained in a manner that is consistent with regulatory guidelines put in place by GPEB. GPEB is satisfied that the terms and conditions of the track operator's license for Fraser Downs Racetrack are being met.

Decision Required:

- None at this time. Administration of finances and other matters related to horse racing are continuing uninterrupted, as consistent with the practice to this point. When advice from IAAS is available, GPEB will adjust financial administration as required.

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Joint Illegal Gaming Investigation Team (JIGIT)

Issue: Joint Illegal Gaming Investigation Team (JIGIT)

- The Joint Illegal Gaming Investigation Team (JIGIT) was established based on evidence gathered by police and the Gaming Policy and Enforcement Branch (GPEB), which showed that the potential use of legal and illegal gambling by organized crime for the purpose of laundering money was substantial.
- JIGIT's mandate is to address organized crime involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. The team also has a public education component aimed at increasing awareness of how to identify and report illegal gambling and money laundering.
- On June 13th, 2017, CFSEU-BC announced that JIGIT conducted a year-long investigation which led to the arrest of a network connected to illegal gaming houses and money laundering. The investigation is ongoing; however it was determined that a criminal organization operated illegal gaming houses, facilitated money laundering for drug traffickers, loan sharking, kidnappings, and extortions.
- Relevant to this Ministry is the allegation that, "it was apparent that there were multiple roles filled by different people which enabled or facilitated the organization in laundering large amounts of money through casinos. CFSEU-BC asserted that the amount of money laundered was in the "millions of dollars."
- JIGIT has been in constant dialogue with Special Prosecutions Branch and it is believed that charges will be approved within the next few months.

Background:

- On April 11, 2016, government and RCMP announced the formation of JIGIT, a new investigative and enforcement team that focuses on money laundering in B.C. gambling facilities and illegal gambling throughout the province. JIGIT provides a coordinated approach to illegal gambling enforcement and money laundering between police and the Gaming Policy and Enforcement Branch (GPEB).

s.15

s.15

The team's operations and governance is overseen by senior police managers from the RCMP and municipal departments and chaired by the commanding officer of RCMP 'E' division (B.C.).

- JIGIT is situated in the RCMP's integrated anti-gang agency, the Combined Forces Special Enforcement Unit (CFSEU) B.C., which includes officers from federal, provincial and municipal agencies. This provides members with access to significant anti-gang and organized crime resources.
- On Feb. 6, 2017, the first public announcement regarding a JIGIT case was made. A dealer and a patron were arrested and charged after an investigation into an incident of cheating –at-play in a Kelowna casino. The investigation was conducted by CFSEU-BC, JIGIT and GPEB. The results of those charges are pending in the courts.

s.13

s.12,s.13

- The establishing agreement for JIGIT is in force for a period of five years, from April 1, 2016 to March 31, 2021. A review will be undertaken by PSSG, MoF and the RCMP / CFSEU-BC in year four to determine whether a recommendation should be made to the Ministers of Finance and PSSG for JIGIT to continue beyond this five year mandate.
- CFSEU-BC is required to provide the Ministry of Finance (MoF) and the Ministry of Public Safety and Solicitor General (PSSG) with quarterly financial reporting and bi-annual performance reporting. The performance report will outline the efforts and successes of JIGIT and include gaming specific outcomes. CFSEU-BC reporting that is of a sensitive nature will only be provided to the Director of Police Services, PSSG.
- Ministry of Finance and PSSG have developed and agreed upon a communications protocol for all publically released information by the CFSEU-BC related to JIGIT activities. It provides a mechanism for the CFSEU-BC to consult with GPEB and Police Services Branch in order to confirm content prior to media releases. The protocol agrees that the CFSEU-BC is the police lead and PSSG is the government lead on enforcement and policing communications.
- The Integrated Illegal Enforcement Team (IIGET), which was disbanded in 2009 due to its lack of effectiveness, had a much narrower focus than JIGIT. IIGET focused investigations on illegal gambling activities outside gambling facilities and did not directly investigate money laundering. JIGIT also has the benefit of drawing on the anti-gang and organized crime expertise of CFSEU, something that did not exist with IIGET.

Decision Required:

s.12,s.13

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Joint Illegal Gaming Investigation Team (JIGIT)

Issue:

- The Joint Illegal Gaming Investigation Team (JIGIT) was established based on evidence gathered by police and the Gaming Policy and Enforcement Branch (GPEB), which showed that the use of legal and illegal gambling by organized crime for the purpose of laundering money was substantial.
- JIGIT's mandate is to address organized crime involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. The team also has a public education component aimed at increasing awareness of how to identify and report illegal gambling and money laundering.

Background:

- On April 11, 2016 government and RCMP announced the formation of JIGIT, a new investigative and enforcement team that focuses on money laundering in B.C. gambling facilities and illegal gambling throughout the province. JIGIT provides a coordinated approach to illegal gambling enforcement and money laundering between police and the Gaming Policy and Enforcement Branch (GPEB).
- s.15
s.15 The team's operations and governance is overseen by senior police managers from the RCMP and municipal departments and chaired by the commanding officer of RCMP 'E' division in B.C.
- JIGIT is situated in the RCMP's anti-gang agency, the Combined Forces Special Enforcement Unit – British Columbia (CFSEU-BC), where members have access to significant anti-gang and organized crime resources.
- On Feb. 6, 2017, the first public announcement regarding a JIGIT case was made. Two men were arrested and charged after an investigation into an incident of cheating in a Kelowna casino. The investigation was conducted by CFSEU-BC, JIGIT and GPEB.

s.13

- CFSEU-BC is required to provide the Ministry of Finance and the Ministry of Public Safety and Solicitor General (PSSG) with quarterly financial reporting and bi-annual performance reporting. The performance report will outline the efforts and successes of JIGIT and include gaming specific outcomes. CFSEU-BC reporting that is of a sensitive nature will only be provided to the Director of Police Services, PSSG.

- The establishing agreement for JIGIT remains in force for a period of five years, from April 1, 2016 to March 31, 2021. A review will be undertaken by PSSG, MoF and the RCMP / CFSEU-BC late in year two to determine if JIGIT will continue beyond this five year mandate. If it is determined that JIGIT will continue beyond the five year mandate, MoF and PSSG commit to enter into discussions before the end of fiscal 2017/18.
- The Ministry of Finance and PSSG have developed and agreed upon a communications protocol for all publically released information by the CFSEU-BC related to JIGIT activities. It provides a mechanism for the CFSEU-BC to consult with GPEB and PSB in order to confirm content prior to media releases. The protocol agrees that the CFSEU-BC is the police lead and PSSG is the government lead on enforcement and policing communications.

s.15

Decision Required:

- The source of funding for JIGIT in 2018/19 and 2019/20 requires decision before the end of fiscal 2017/18.
- Pending the evaluation of JIGIT, a decision will be required to determine whether to extend JIGIT beyond its current five-year mandate.

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Plan for Public Health and Gambling

Issue:

- The Provincial Health Officer released a report in October 2013, entitled “Lowering the Stakes: A Public Health Approach to Reducing Problem Gambling in British Columbia”.
- The report indicates that more needs to be done to address addictive behaviour. It points out that programs are only meeting the needs of a fraction of people with moderate or severe gambling problems. It also points out that BC allocates the lowest ratio of net revenue to funding for responsible and problem gambling services in Canada, while gaming revenue to the BC Government has increased steadily over the last decade.
- The Gaming Policy and Enforcement Branch (GPEB) worked with the Ministries of Health and Education as well as the British Columbia Lottery Corporation (BCLC) to create the Plan for Public Health and Gambling in British Columbia (the Plan), which was released in February 2015.
- The Plan includes 21 commitments for government and BCLC to be met over three years. To date, seven commitments are fully implemented and the remainder are underway.

Background:

- The Plan provides government’s strategy for promoting responsible gambling and addressing the public health risks associated with problem gambling. The commitments focus on: preventing problem gambling among youth, encouraging responsible gambling, treating problem gambling, and investing in research.
- Government and BCLC are jointly responsible for implementing the Plan’s commitments, and implementation is now in year three. Seven commitments have been completed to date. BCLC is currently working on five items, the Gaming Policy and Enforcement Branch (GPEB) is working on five items, and BCLC and GPEB are jointly working on the remaining four items.
- A requirement to implement the outstanding commitments is included in BCLC’s 2017/18 Mandate Letter.
- The Plan takes into consideration recommendations made by the Provincial Health Officer’s report “Lower the Stakes: A Public Health Approach to Gambling in British Columbia,” findings from the 2014 Problem Gambling Prevalence Study (number of moderate and high-risk problem gamblers as a percentage of B.C. adults decreased from 4.6% to 3.3% from 2008 to 2014), and the latest research on gambling, health, and education. The key elements of the Plan include:
 - **Problem Gambling Prevention among Youth** – The government’s Responsible and Problem Gambling prevention program delivers age-appropriate presentations to students in grades 5 to 12 and post-secondary institutions. Work is underway to improve the existing program by aligning with the new B.C. kindergarten to grade 12

curriculum, incorporating a greater focus on problem solving, critical thinking, and building resilience. GPEB is working with the Centre for Addictions Research at the University of Victoria to complete development of new education materials by fall 2017. (4 of 5 GPEB commitments complete; 1 GPEB commitment not complete)

- **Encouraging Responsible Gambling** – The government and BCLC have already made available information and tools to help citizens make healthy choices about gambling. Additional responsible gambling measures will be put in place, including GameSense Advisors in community gaming centres, customized responsible gambling messaging on PlayNow.com, and new time and money budgeting tools for players online and for players in gaming facilities that have BCLC Encore Rewards membership. (3 of 10 commitments complete; 5 BCLC commitments, 1 GPEB commitment, and 1 joint commitment not complete)
- **Problem Gambling Treatment** – The government's Responsible and Problem Gambling Program offers free, province-wide counselling and treatment services for problem gamblers and their families. There are no waitlists for this service, and the program has proven client outcomes that exceed international norms. To provide even greater service for clients, the Ministries of Finance and Health are working together to improve continuity of care for clients who face multiple, related problems. (1 of 1 GPEB commitment not complete)
- **Responsible and Problem Gambling Research** – The government and BCLC committed an investment to responsible and problem gambling research, and provided \$2 million over five years to support the establishment of the Centre for Gambling Research at the University of British Columbia (UBC). The current funding agreement is between the UBC Centre and BCLC and expires at the end of fiscal 2017/2018. The government and BCLC have committed to research to understand problem gambling prevalence among online players and to determine the impact of reducing high-risk features on electronic gaming machines. (5 of 5 commitments not complete – 2 GPEB commitments and 3 joint commitments).

Decision Required:

A decision about ongoing funding for the UBC Centre is required in fall 2017. Government will need to determine whether it or BCLC will fund the Centre, and if so, determine the terms of an agreement and the way in which funding is provided to the Centre.

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB)

Plan for Public Health and Gambling

Issue: Plan for Public Health and Gambling in British Columbia

- The Provincial Health Officer released a report in October 2013, entitled “Lowering the Stakes: A Public Health Approach to Reducing Problem Gambling in British Columbia”.
- The report indicates that more needs to be done to address addictive behaviour. It points out that programs are only meeting the needs of a fraction of people with moderate or severe gambling problems. It also points out that BC allocates the lowest ratio of net revenue to funding for responsible and problem gambling services in Canada, while gambling revenue to the BC Government has increased steadily over the last decade.
- The Gaming Policy and Enforcement Branch (GPEB) worked with the Ministries of Health and Education as well as the British Columbia Lottery Corporation (BCLC) to create the Plan for Public Health and Gambling in British Columbia (the Plan), taking into consideration the Provincial Health Officer’s report as well as the 2014 Problem Gambling Prevalence Study and other research. Government’s Plan was released in February 2015.
- The Plan includes 21 commitments for government and BCLC to be met over three years. To date, eleven commitments are implemented and the remainder are underway.

Background:

- The Plan provides government’s strategy for promoting responsible gambling and addressing the public health risks associated with problem gambling. The public commitments focus on: preventing problem gambling among youth, encouraging responsible gambling, treating problem gambling, and investing in research.
- Government and BCLC are jointly responsible for implementing the Plan’s commitments, and implementation is now in year three. Eleven commitments have been completed to date. BCLC is currently working on four items, the Gaming Policy and Enforcement Branch (GPEB) is working on three items, and BCLC and GPEB are jointly working on the remaining four items.
- A requirement to implement the outstanding commitments is included in BCLC’s 2017/18 Mandate Letter.
- The Plan takes into consideration recommendations made by the Provincial Health Officer’s report “Lower the Stakes: A Public Health Approach to Gambling in British Columbia,” findings from the 2014 Problem Gambling Prevalence Study (number of moderate and high-risk problem gamblers as a percentage of B.C. adults decreased from 4.6% to 3.3% from 2008 to 2014), and the latest research on gambling, health, and education. The key elements of the Plan’s public commitments include:

- **Problem Gambling Prevention among Youth** – The government’s Responsible and Problem Gambling prevention program delivers age-appropriate presentations to students in grades 5 to 12 and post-secondary institutions. Work is underway to improve the existing program by aligning with the new B.C. kindergarten to grade 12 curriculum, incorporating a greater focus on problem solving, critical thinking, and building resilience. GPEB has worked with the Centre for Addictions Research at the University of Victoria to develop new education materials, which will be ready for use by teachers in fall 2017. (4 of 5 GPEB commitments complete; 1 GPEB commitment not complete)

- **Encouraging Responsible Gambling** – The government and BCLC have already made information and tools available to help citizens make healthy choices about gambling. The Plan includes the addition of new responsible gambling measures, including:
 - Expanding GameSense Advisors into 18 community gaming centres. Gamesense Advisors currently work in B.C.’s 17 casinos, providing responsible and problem gambling prevention services, including connecting problem gamblers with free provincial programs;
 - Customized responsible gambling messaging on PlayNow.com; and
 - New time and money budgeting tools for players online and for players in gambling facilities that have BCLC Encore Rewards membership.
 (4 of 10 commitments complete; 4 BCLC commitments, 1 GPEB commitment, and 1 joint commitment not complete)

- **Problem Gambling Treatment** – The government’s Responsible and Problem Gambling Program offers free, province-wide counselling and treatment services for problem gamblers and their families. There are no waitlists for this service, and the program has proven client outcomes that exceed international norms. The Ministries of Finance and Health are working together to improve continuity of care for clients who face multiple, related problems. (1 of 1 GPEB commitment complete)

- **Responsible and Problem Gambling Research** – The government and BCLC committed an investment to responsible and problem gambling research, and provided \$2 million over five years to support the establishment of the Centre for Gambling Research at the University of British Columbia (UBC). Research is focused on advancing the understanding of gambling behaviours and offering practical solutions for the prevention of problem gambling. The UBC Centre is currently funded by the voluntary self-exclusion (VSE) fund, which holds illegal winnings from individuals that have voluntarily self-excluded. The funding agreement expires at the end of fiscal 2017/2018. The government and BCLC have committed to research to understand problem gambling prevalence among online players and to determine the impact of reducing high-risk features on electronic gaming machines. As well, GPEB is completing a package of information about public health risks associated with gambling to support municipalities in decision making about gambling expansion in their communities. (2 of 5 commitments complete; 2 GPEB commitments complete and 3 joint commitments not complete).

Decision Required:

s.13

s.12,s.13

ISSUE NOTE

Gaming Policy and Enforcement Branch (GPEB) Unregulated Online Gambling

Issue:

- The Gaming Policy and Enforcement Branch (GPEB) estimates there are over 2,200 unregulated online gambling websites that operate in B.C. and compete with the B.C. Lottery Corporation's (BCLC) regulated online platform, PlayNow.com.

s.17

s.14

s.13,s.16

Background:

- The *Criminal Code of Canada* permits only a provincial government or its agent to conduct and manage gambling. In BC, this is BCLC, which operates an online gambling platform, PlayNow.com.

s.14

- For this reason, unregulated online gambling websites have been able to flourish in Canada, and GPEB estimates that there are over 2,200 unregulated websites operating in the province.
- Unregulated online gambling websites pose significant risks to consumers, including risk of fraud, changing odds, lack of responsible gambling features, and access by minors.

Letters to Unregulated Online Gambling Service Providers

- In August 2016, GPEB sent letters to 18 companies that operate at least 25 of the most prominent unregulated online gambling websites, advising they may be operating contrary to the *Criminal Code*. However, none of these companies have ceased operations in B.C. as a result of these letters.
- To legally offer any gambling services to British Columbians, a company must contract with BCLC and must be registered with GPEB. Companies or their associates that offer unregulated online gambling services in B.C. are not eligible for registration with GPEB. As such, two major online companies have withdrawn from the B.C. market in order to be eligible for registration and maintain their contracts BCLC.

Decision Required:

ISSUE NOTE

Issue:

- Harness Racing in BC has a seven month racing season. This season, adverse winter weather resulted in the cancellation of nine race days at Fraser Downs. One race day was rescheduled.
- The cancellation of race days has a significant impact on the income earned by harness racing industry participants. It has also raised concerns among industry participants about the overall conditions of the race track as well as the decline of the harness racing industry in B.C. overall. These concerns have been reported in the media.
- Harness Racing BC, the official Standardbred breed association, would like the race season to be extended by one month to make up for lost race days this year and to improve the longer term viability of the harness racing industry overall. At this time, there are no known plans to add additional race days.

Background:

- Harness racing is a form of horse racing in which the horses race at a specific gait (a trot or a pace). It involves Standardbred horses that usually pull a two-wheeled cart called a sulky.
- Harness racing is the only type of horse racing that takes place at Fraser Downs Racetrack in Surrey. The City of Surrey owns the land where Fraser Downs is located. The site is leased by Great Canadian Gaming Corporation (GCGC), who operates and maintains the racetrack. Thoroughbred racing takes place at Hastings Racecourse in Vancouver.
- Overall management of the horse racing industry in B.C. is the responsibility of the Horse Racing Industry Management Committee (HRIMC). The HRIMC was established in 2009 and has a mandate to bring together industry participants with a common goal of revitalizing the horse racing industry. The HRIMC includes members from both the Standardbred and Thoroughbred horse racing sectors, the British Columbia Lottery Corporation (BCLC) and the track operator, GCGC. It is currently chaired by BCLC CEO, Jim Lightbody.
- The HRIMC provides a forum for both breed associations as well as the track operator to discuss and resolve matters of interest and conflict.
- The committee members have negotiated a multi-year funding arrangement whereby pooled income from all of the industry's revenue sources is allocated to industry participants. This includes income from slot machines located at the Hastings and Fraser Downs racetracks. The industry receives 25% of slot machine revenue, which was approximately \$11.8 million in 2016/17. This money is administered by the HRIMC and is divided equally between the Thoroughbred and Standardbred sectors.
- The HRIMC also approves race days and racing season lengths for both breeds, subject to approval by the general manager of the Gaming Policy and Enforcement Branch (GPEB), who has statutory authority to assign race days for each breed association. While the general manager may approve

race days, agreement from the industry is required in order to hold those race days. The track operator must make the facility available and the breed associations facilitate the availability of horses and riders.

- Race days are agreed upon by the HRIMC in order to help ensure the sustainability of both sectors of the horse racing industry. Harness racing takes place from about October to April each year while Thoroughbred racing takes place from about the end of April to October each year. The breeds have agreed to this schedule in order to minimize the overlap of racing days and avoid competition.
- In some years, Thoroughbred and Harness racing may overlap by a few weeks and races for both breeds may occur in the same month; however, the races do not usually occur on the same dates. For example, in 2017, there is overlap in October.
- The number of harness racing days has declined over the last several years. In 2010, Fraser Downs had 87 live racing days. In 2016, there were 61 days scheduled; however, due to cancellations, there were only 55 live racing days last year.
- Adverse weather this winter resulted in nine race days cancelled at Fraser Downs when heavy snowfall caused the track conditions to deteriorate. One day was rescheduled in early January, but there are no plans to add further days. The cancellation of race days has a significant impact on the income earned by the harness racing industry participants.
- There has been some public criticism of the operator, GCGC, for failing to immediately address track conditions due to the weather. Discussions in the media have also raised other issues related to the horse racing industry, including the struggles faced by racers in building a career in horse racing in B.C., track and facility conditions, safety concerns for animals and racers, cancelled events, and an overall decline in the industry.
- GPEB is responsible for enforcing and adjudicating the rules and regulations related to horse racing. GPEB looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.
- Under the terms and conditions of the track operator's license, the track and facilities must be maintained in a manner that is consistent with regulatory guidelines put in place by GPEB.
- Fraser Downs Racetrack has resumed operating after this very unusual winter season and GPEB is satisfied that the terms and conditions of the track operator's license are being met.
- Harness Racing B.C. would like to see its racing season extended to include September. They argue that extending the racing season into September will not only make up for the lost race days due to weather, but will also help secure the sustainability and long term viability of the industry by providing incentives in the form of additional race days to Standardbred horse breeders and owners.
- The HRIMC is the appropriate forum for Harness Racing BC to raise the possibility of extending its racing season to include September. The general manager of GPEB would consult with the HRIMC in considering whether to add race days for harness racing, and would be supportive of extending

the harness racing season only if the industry overall was supportive. The committee has responsibility for the overall management of the horse racing industry and changes to race days would impact other Committee members, including the Thoroughbred sector and the track operator.

EXECUTIVE MEMBER BIOGRAPHY

John Mazure, Assistant Deputy Minister, Gaming Policy and Enforcement Branch



John Mazure is the Assistant Deputy Minister, Gaming Policy and Enforcement Branch (GPEB) and is responsible for leading 156 staff. GPEB regulates all gambling in British Columbia, ensures the integrity of gaming industry companies, people and equipment, and investigates allegations of wrongdoing as required under the *Gaming Control Act*. This includes oversight of the British Columbia Lottery Corporation, B.C.'s horse racing industry, and licensed charitable gambling events. GPEB also manages responsible and problem gambling programs and distributes gaming funds to community organizations and other recipients.

John joined the GPEB in September 2013 after spending nearly five years as the Executive Lead for Environment Assessment with the Environmental Assessment Office.

John has an interest in compensation and has been a member of the Board of Trustees for the BC Public Sector Pension Plan (PSPP) since April 2008 and a Director of the BC Pension Corporation since April 2011. He is a member on both the PSPP and Pension Corporation Audit Committees. John is also a Director of the Interprovincial Lottery Corporation.

In 1989, he began his career providing economic and policy analysis consulting services to the provincial government and later joined the public service as an economist in 1991. In 1992, he joined Treasury Board Staff (TBS) in the Ministry of Finance as a Treasury Board Analyst and rose progressively through TBS to the position of Executive Director, Performance Budgeting Office in 2006. He also spent one year leading the branch that provided economic and research services within the Ministry of Children and Family Development. His career to date is marked by a broad exposure to government public policy, fiscal, operational, regulatory and change management issues.

John has a Bachelor of Science in Mathematics from the University of Regina and a Master of Arts in Applied Economics from the University of Victoria.

Ministry of Finance – Ministry Transition Binder
Gaming Policy and Enforcement Branch (GPEB)
British Columbia Lottery Corporation (BCLC)

July 4, 2017

Table of Contents

Table of Contents	Tab #
GPEB	
GPEB Core Business	1
ADM, John Mazure Bio	2
GPEB Operations Division	3
GPEB Community Supports Division	4
GPEB Licensing, Registration and Certification Division	5
GPEB Strategic Policy and Projects Division	6
GPEB Compliance Division	7
GPEB Issue Note - Plan for Public Health and Gambling	8
GPEB Issue Note - Anti-money Laundering	9
GPEB Issue Note - Joint Illegal Gaming Investigation Team (JIGIT)	10
GPEB Issue Note - Unregulated Online Gambling	11
GPEB Issue Note - Horse Racing Industry	12
GPEB Issue Note – BCLC Mandate Letter - 2017	13
BCLC	
BCLC Issue Note - Core Business	14
BCLC Issue Note - Expression of Interest	15
BCLC Issue Note - Service Provider Commissions Review	16
BCLC Issue Note - Kamloops Head Office	17
Gaming Control Act	
Summary	18

OPERATIONS DIVISION

Director Responsible:

Dave Boychuk

Core Business/Program Area Description/Critical Business Processes:

The Operations Division has the lead responsibility for financial services, administrative services, including facilities management and FOI and records management, and the development, maintenance and operations of the internal and external facing information technology systems that are used across the organization, from the licensing of gaming providers to the administration of community gaming grants and municipal revenue sharing.

Critical business processes administered by the Operations Division include:

- Financial administration of \$135 million in community gaming grants to 4,965 recipients;
- Distribution of \$95 million annually in revenue sharing to host local governments and the horse racing industry;
- Public facing application portal for charitable gaming licensure.

Budget:

\$1.1 million

Number of staff

13

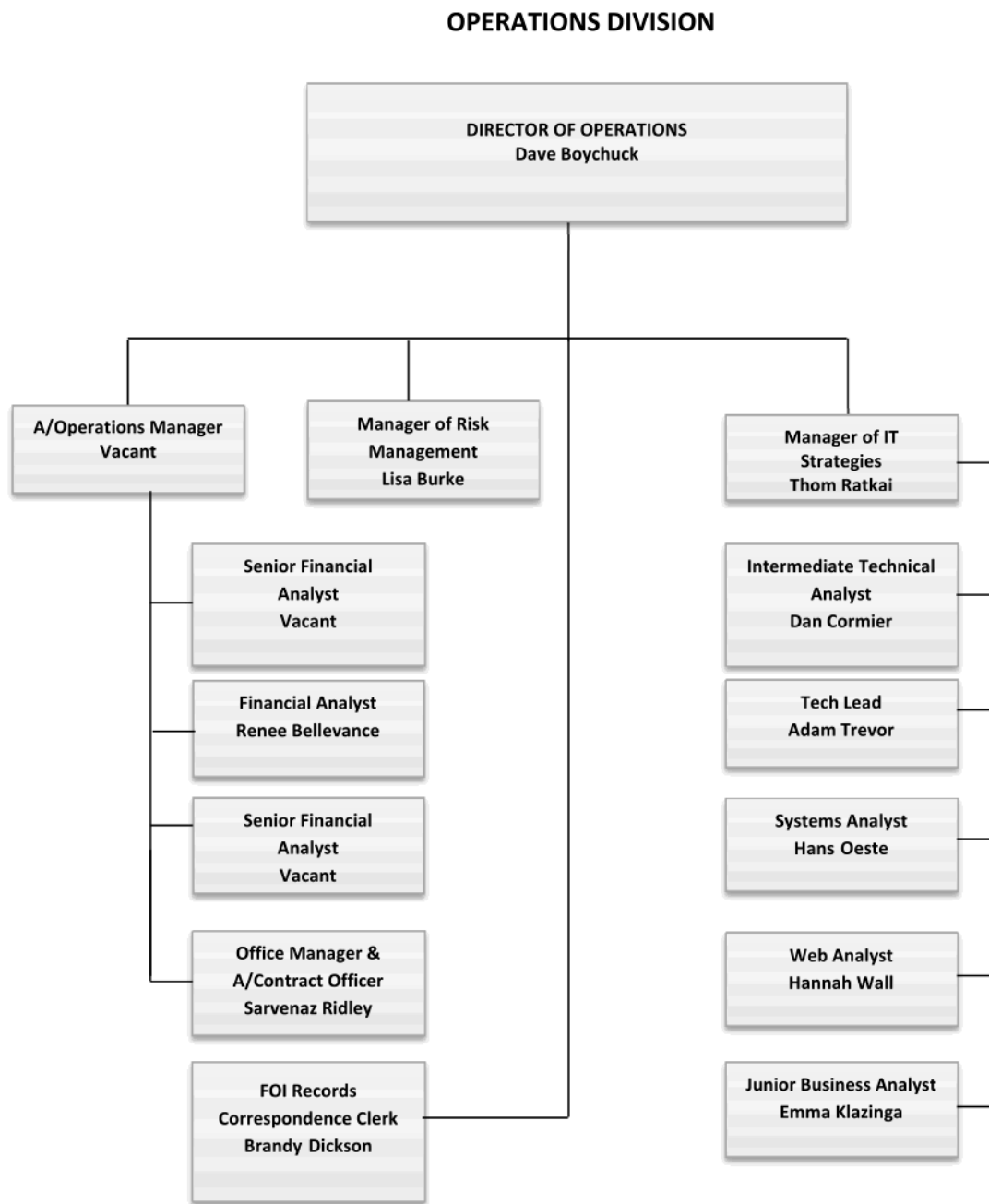
Related Legislation:

Gaming Control Act

Financial Administration Act

Balanced Budget and Ministerial Accountability Act

Organizational Chart:



COMMUNITY SUPPORTS DIVISION

Executive Director Responsible:

David Horricks

Core Business/Program Area Description/Critical Business Processes:

The Community Supports Division fulfills government's 'social licence' to operate gambling in B.C. The Responsible and Problem Gambling (RPG) program oversees government's efforts to minimize harm and promote responsible gaming practices through B.C.'s Responsible Gambling Strategy, which has three goals:

- Create public awareness of the risks association with gambling
- Ensure gambling is delivered in a way that encourages responsible and informed choices
- Provide treatment and support to people impacted by problem gambling

This division contracts over 80 service providers to meet these goals in three service streams within the RPG program.

The prevention stream offers information and education for the general public as well as contracted GameSense Advisors (GSAs) onsite at casino's to help patrons understand the risks, myths and how the games work. GSAs also provide support to patrons who may be experiencing distress in a gaming facility related to problem gambling, including crisis intervention and treatment referral. In 2016-17 FY 2,475 presentations were delivered to 103,456 people and GSAs had 57,341 meaningful interactions recorded.

The clinical treatment service stream provides individual, family, group and day treatment barrier-free, without waitlists or fees and with outcomes exceeding international norms for counselling. In 2016-17 FY 3,326 calls were received by the Help Line of which 1,380 were referred to counselling. Clinical sessions were delivered to 1,390 people and 175 people participated in the Discovery Intensive Day-Treatment Program. Clients receive on average 7.5 sessions per treatment.

The Indigenous stream provides culturally appropriate prevention and treatment services to individuals and communities across B.C. All staff and contracted service providers have completed Indigenous Cultural Safety training. In 2015 an Indigenous conference was hosted engaging 200+ representatives from a number of nations from across North America. Much of the work in this program focussed on community engagement with 10 providers.

Budget:

\$5.6.million

Number of Staff:

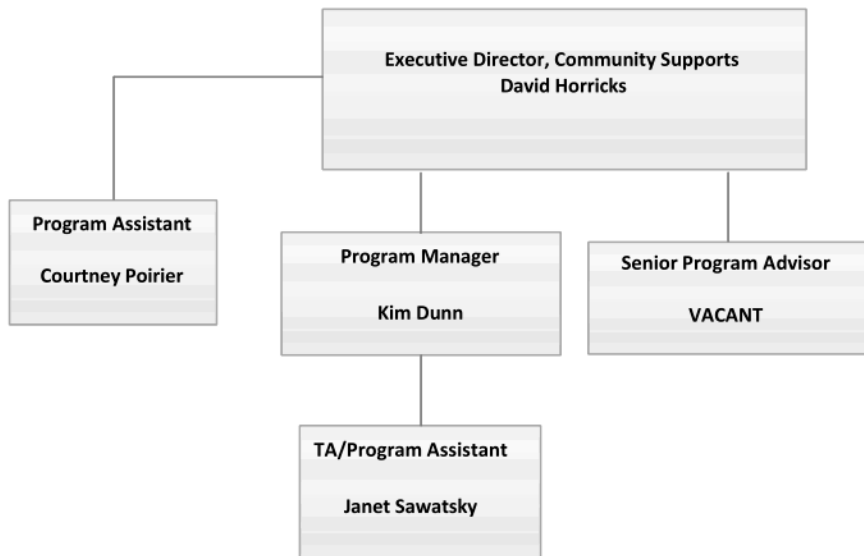
5

(RPG programs and services are delivered through 80+ contracted service providers).

Related Legislation:

Gaming Control Act

Organizational Chart:



LICENSING, REGISTRATION AND CERTIFICATION DIVISION

Executive Director Responsible:

Kim Bruce

Core Business/Program Area Description/Critical Business Processes:

The Licensing, Registration and Certification Division (LRC) consists of five (5) units, each with their own mandate. The LRC is responsible for registering companies and individuals involved in gaming, certifying gaming supplies and equipment, and the licensing of gaming events to ensure those conducting or involved in gambling are doing so in a way that upholds the integrity of gaming.

LRC collects, monitors, and reconciles over \$2.4 million in registration and investigation fees annually.

Licensing:

GPEB's licensing program issues gaming event licences to eligible community organizations throughout B.C. that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gaming event, and are issued with the understanding that charitable organizations will also honor municipal by-laws. All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community.

One of GPEB's responsibilities is to ensure that gaming events are conducted fairly and transparently. The branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices.

In 2016/17, GPEB issued 9,286 licences to eligible organizations to conduct gaming events. In total, community organizations raised an estimated \$42.7 million to support their projects and services.

Registration:

Corporate Registration Unit – this unit conducts a thorough review of gaming-related businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming services, including online content providers, and gaming equipment (e.g. slot machines, automatic shufflers). Corporate registration also registers other service providers, such as gaming consultants, raffle services, security and ancillary services, including food and janitorial services provided at gaming facilities. Corporate Registration accounts for the largest portion of the annual collected fees.

Personnel Registration Unit – This unit registers all workers involved in the gaming industry. This includes all people directly involved in the industry (e.g. casino, bingo, horse racing workers), as well as those indirectly involved (e.g. BCLC and GPEB employees). This unit also re-assess continued registration for employees that have been involved in any activities that directly impact their integrity and/or suitability to work in the industry.

Lottery Retailer Registration Unit – The public has a right to expect that lottery ticket sales and prizes are handled fairly and with integrity and that the proper payouts are made to winning customers. GPEB is authorized to ensure that lottery retail businesses that contract with BCLC to sell lottery tickets meet industry standards of integrity. This includes, but is not limited to, a criminal record and credit check. In order to sell lottery tickets in B.C., Lottery Retail Contract Managers and Designate Contract Managers must meet these standards and be registered with GPEB

To help ensure the integrity of gaming, all lottery retailers responsible for managing the British Columbia Lottery Corporation's (BCLC) Lottery Retailer Agreement must be registered with the Lottery Registration Unit.

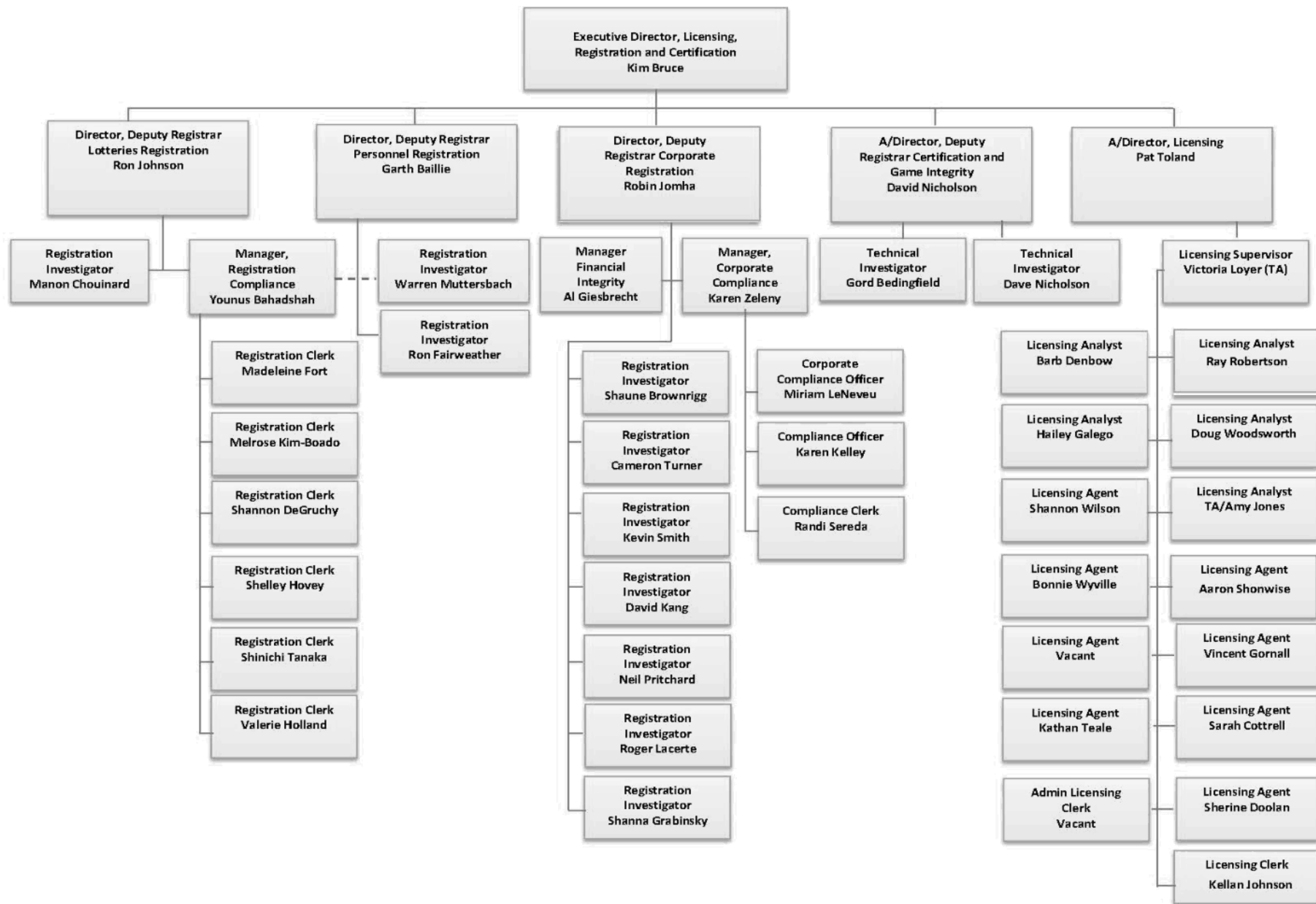
Through regulatory audits and investigations, all registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be noncompliant with the regulatory requirements of the *Gaming Control Act* or the Gaming Control Regulation, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue a sanction, warning or suspension, or it may cancel registration altogether.

Certification and Game Integrity:

Before being able to operate in live environment, all gaming equipment used in the province must be tested to the applicable requirements in GPEB's technical gaming standards. GPEB's Certification and Game Integrity Unit (CGIU) establishes and maintains these technical gaming standards to ensure gaming supplies that are used in commercial or charitable environments:

- operate fairly;
- are safe and secure;
- deliver the stated odds of winning; and,
- can be audited.

Gaming supplies are tested in accredited testing facilities (ATFs), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gaming supplies for use in B.C.'s gaming venues. CGIU investigates player complaints and all reports of malfunctioning gaming supplies including issues with lottery products, internet gambling software and electronic raffle systems



STRATEGIC POLICY AND PROJECTS DIVISION

Executive Director Responsible:

Michele Jaggi-Smith

Core Business/Program Area Description/Critical Business Processes:

The Strategic Policy and Projects Division (SPPD) leads strategic policy development and communications on gambling issues for the branch, and makes recommendations on B.C.'s policies, legislation and regulations on gambling activities across the province.

The SPPD team develops and maintains a rigorous and transparent policy and regulatory environment for commercial and charitable gambling and horse racing in B.C. to ensure the industry is conducted and managed fairly with social responsibility and integrity. Staff are responsible for identifying emerging issues, determining impacts on GPEB, government and citizens, and developing policy and communications responses that address immediate and long-term objectives. The range of issues and projects addressed by the division come from the various lines of GPEB business, including licensing, registration, certification, audit, investigation, horse racing and responsible and problem gambling.

SPPD provides policy advice to senior government executives, including the Minister of Finance, and work closely with stakeholders, such as the B.C. Lottery Corporation (BCLC), gambling industry leaders, non-profit community organizations, and other provincial and federal groups on cross-jurisdictional gambling initiatives and policies. The team also works closely with Government Communication and Public Engagement (GCPE) to develop responses to media issues and public communication materials related to gambling for the Minister.

Examples of the Division's recent policy work include:

- Working with GPEB's Compliance Division to evaluate the effectiveness of current Anti-Money Laundering measures and develop strategies to enhance GPEB and BCLC's ability to combat this issue.
- Undertaking research and policy analysis to explore options for addressing unregulated online gambling websites, including options within provincial jurisdiction as well as engaging in a Federal/Provincial/Territorial Sub-Working Group that is considering how to address this issue at the national level.
- Determining how to update GPEB's responsible gambling standards to include online gambling and ensure that players who use BCLC's PlayNow.com website receive the same level of information and support as players in land-based gambling facilities.
- Providing research and analysis for GPEB to implement new policies that permit charities to operate new types of games (e.g. Chase the Ace and Mahjong) and to conduct raffles using a computer and online.
- Creating and leading the CAGRA Policy Committee, a multijurisdictional committee under the umbrella of the Canadian Association of Gaming Regulatory Authorities (CAGRA). The

purpose of the committee is to strengthen provincial and territorial relationships amongst gaming regulators across Canada in order to share best practices for gaming policy and discuss issues of common interests.

Budget:

\$0.67 million in 2016/17

Number of staff:

7

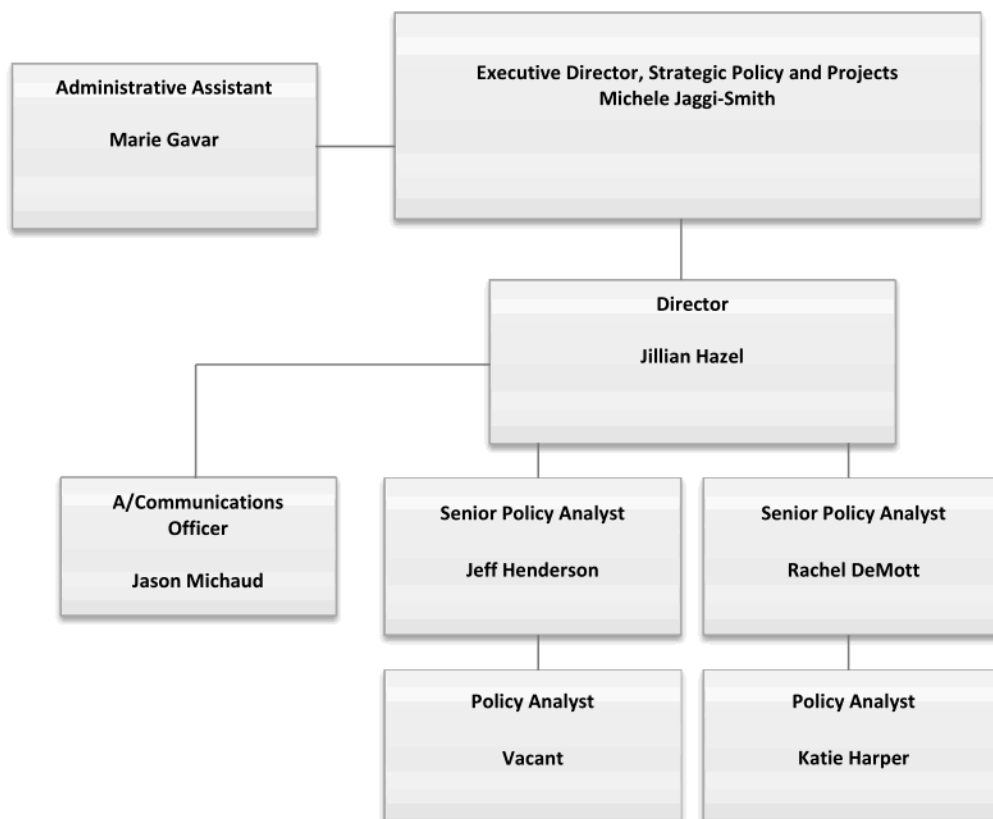
Related Legislation:

Gaming Control Act

Gaming Control Regulation

Criminal Code of Canada

Organizational Chart:



COMPLIANCE DIVISION

Executive Director Responsible:

Len Meilleur

Core Business/Program Area Description/Critical Business Processes:

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, *Gaming Control Regulation*, Part VII provisions of the *Criminal Code of Canada* and GPEB regulations, policies, directives and public interest standards to maintain the public's confidence in gaming in B.C.

The division conducts inspections, audits of provincial gaming to ensure compliance with legislation, regulation and public interest standards and directives. Investigations staff make inquiries into complaints or violations for the purpose of determining if there is a need for education or training, or a resolution through administrative sanctions. The division enforces the rules of the horse racing industry, regulates racing events, and registers participants.

The Audit unit conducts regular and periodic inspections, audits or investigative audits (generally referred to as audits) of all provincial gaming to ensure compliance with all applicable legislation, regulation, public interest standards and directives. These audits are developed in the context of a risk management framework and acceptable risk tolerances for both GPEB and the industry. This work includes:

- Establishing and maintaining an audit framework, audit and inspection standards, and policies and procedures for all gaming operations and the use of provincial gaming revenues
- Providing audit support to the Ministry of Community, Sport and Cultural Development (MCSCD)
- Verifying that all provincial gaming is conducted in compliance with gaming legislation, directives, public interest standards, policies and procedures

When conducting compliance inspections and audits on the BCLC, gaming service providers, licences and gaming grant recipients, the main areas that the Compliance Division audits are:

- BCLC's overall conduct and management of all forms of gaming, including PlayNow.com
- Horse racing
- Licensed gaming and community gaming grants

To ensure the integrity of gambling, GPEB investigates reported instances of any conduct, activity, or incident occurring in connection with gaming, if they involve a potential offence under the *Gaming Control Act*, *Gaming Control Regulation* or *Criminal Code of Canada*. Under the *Gaming Control Act*, GPEB can recommend charges, issue tickets and warnings, and/or administer sanctions.

When investigating complaints and allegations of offences in provincial gaming in the province for the purpose of prosecution and/or administrative hearings, division staff:

- Investigate and/or assist law enforcement agencies in investigating illegal gambling activity which is contrary to the *Criminal Code of Canada*

- Gather and maintain intelligence concerning the extent, type and nature of unlawful activity in gaming and horse racing
- Identify trends in unlawful gaming activity by tracking complaints and allegations

Investigators may assist police agencies with investigations into illegal gambling activities, such as unauthorized lottery schemes, gaming houses, and loan sharking. The division also works closely with the federal Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to combat money laundering at gaming facilities.

The Compliance Division has an intelligence unit that works closely with law enforcement and other regulatory agencies to identify projects of mutual interest, based on the analysis of information obtained from commercial gaming sites combined with information from the division's investigation staff. The unit is a member of an international organization known as the Law Enforcement Intelligence Units (LEIU).

From within the Combined Forces Special Enforcement Unit – British Columbia (CFSEU-BC), JIGIT provides a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to unlawful activities within B.C. gaming facilities with an emphasis on organized crime, anti-money laundering strategies and illegal gambling in B.C.

JIGIT is comprised of two teams of experienced police officers and GPEB Provincial Constables.

JIGIT's strategic objectives are:

- The targeting and disruption of organized crime and gang involvement in illegal gaming;
- Criminal investigation of illegal gambling activities; and
- The prevention of criminal attempts to legalize the proceeds of crime through gaming facilities.

Horse racing in B.C. is regulated by GPEB's Racing Division. The branch develops fair and appropriate rules and policies, provides effective management of racing events, and licenses participants in the horse racing industry to help ensure it is conducted fairly and with integrity.

Racing Division staff are located at all operating race tracks in the province. GPEB allocates more than \$1 million each year for the regulation of the horse racing industry.

Budget:

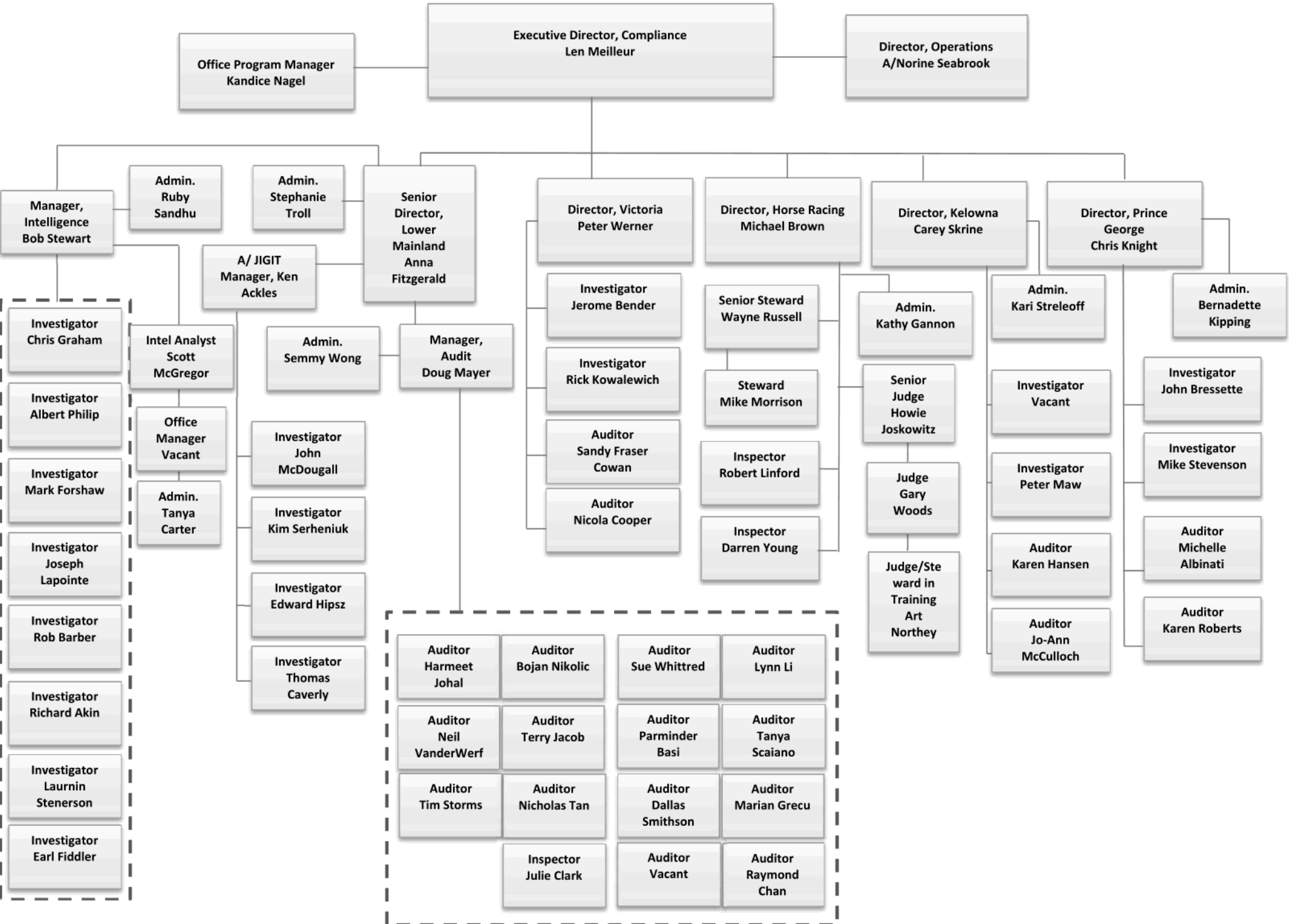
\$6.33 million

Number of staff:

65

Related Legislation:

Gaming Control Act, Criminal Code of Canada, Gaming Control Regulation



GAMING CONTROL ACT

*Gaming Policy and
Enforcement Branch*

This page is intentionally blank

Gaming Control Act

Purpose of the *Gaming Control Act* (GCA)

The *Gaming Control Act* (GCA) and the *Gaming Control Regulation* (GCR) were brought into force in 2002. The GCA replaced the *Lottery Corporation Act* and the *Horse Racing Act* after a Core Services review identified a number of inefficiencies and redundancies that highlighted the need for restructuring and legislative change.

Broadly speaking the GCA covers two principal matters:

- (1) the framework within which the Province conducts and manages provincial gambling, and
- (2) the framework within which the Province regulates those who are involved with lawful gambling.

The *Criminal Code of Canada*

The underlying framework for provincial gambling legislation is derived from Part VII of the federal *Criminal Code of Canada* (the Code). The federal government has exclusive jurisdiction over criminal law. Under the Code, all gambling and betting is prohibited and is a criminal offence, unless it is specifically exempted from the prohibition. The broad exemptions are:

Gaming conducted and managed by a province (also referred to as commercial gambling in B.C.)

Under section 207(1) (a) of the Code, only provincial governments or agents of government are permitted to conduct and manage “lottery schemes”.

In B.C., the GCA establishes the British Columbia Lottery Corporation (BCLC) as an agent of the provincial government to conduct and manage all commercial gambling, including casinos and lotteries, on behalf of the provincial government.

Licensed gambling

The Code also permits provinces to issue gambling licences in the following circumstances:

- S. 207(1) (b) – to charitable or religious organizations where the proceeds are used for a charitable or religious purpose.
- S. 207(1) (c) – to the boards of fairs and exhibitions.

- S. 207(1) (d) – to any person to conduct and manage a lottery scheme at a public place of amusement, provided that prizes do not exceed \$500.00 and ticket prices do not exceed \$2.00.

In British Columbia, the Lieutenant Governor in Council has specified the general manager of the Gaming Policy and Enforcement Branch (GPEB) as the person who issues licenses to eligible organizations under section 207(1)(b) of the Code. The GCA and the GCR establish the framework for issuing licenses.

In December 2014, the Code was amended to allow charitable or religious organizations (section 207(1) (b) licensees) to operate raffles (such as a 50/50 draw) using a computer. Prior to this amendment, it was unlawful for a licensee to use a computer to operate a lottery scheme.

Horse racing

Section 204 of the Code allows for the establishment of pari-mutuel betting systems; these arise principally in the context of horse racing.

Both the federal government and provincial governments have a significant role in regulating the horse racing industry.

The federal government, through the Canadian Pari-Mutuel Association (CPMA), regulates wagering on horse races, and the Province, through GPEB, regulates and licenses the conduct of race events.

Section 204 contemplates that betting may, in certain circumstances, take place in “betting theatres”. These are referred to in the GCA as horse racing teletheatres.

The general manager of GPEB has significant regulatory jurisdiction over horse racing in B.C.

Social betting

The Code permits private bets between individuals who are not engaged in any way in the business of betting.

Gaming Control Act Roles and Responsibilities

The GCA articulates the roles and responsibilities of

- (1) the Minister responsible for gaming,
- (2) the general manager of GPEB, and
- (3) BCLC.

Ministerial Responsibilities

Because BCLC is the agent of the government and exists for the purpose of conducting and managing gaming on behalf of the government, the government's powers relating to BCLC are extensive. The government is responsible for appointing the BCLC Board of Directors.

Under the GCA, the responsible minister's authority includes the following:

- Direction as to matters of general policy (the minister may issue policy directives to BCLC and GPEB; such directives must be published and made available to the public);
- Approval of new types of lottery schemes that BCLC or a licensee may wish to implement; and
- BCLC must do "other things the minister may require"

The Minister of Finance is specifically identified in the GCA as being the fiscal agent of BCLC.

Role of the Gaming Policy and Enforcement Branch

GPEB is responsible for the overall integrity of gaming and horse racing in B.C (section 23) of the GCA).

The general manager must, under the minister's direction, develop, manage and maintain the government's gambling policy. This is achieved mainly through the regulatory oversight of the gambling industry, service providers and charity organizations engaged in gambling.

Core responsibilities of the general manager, as outlined in the GCA, include:

- Establishing public interest standards for gaming operations and establishing policies to address problem gambling at gaming facilities;
- Licensing charitable gaming events;
- Regulating certain aspects of horse racing;
- Conducting financial and personal background checks and registering all gaming services providers and gaming workers;
- Approving and certifying all gaming equipment used in the province;
- Conducting audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds; and
- Conducting investigations for the purpose of ensuring compliance with the GCA.

The GCA provides authority to the general manager to attach terms and conditions to a gaming event licence, a gaming worker or service provider registration, and to establish the rules of horse racing.

The general manager's role is, in large part, that of a statutory decision-maker with significant authority and discretion to regulate participants in the B.C. gambling industry. The general manager has independent statutory powers to make certain decisions under the GCA (authorities

s/he can exercise without Minister approval). However, with certain narrow exceptions, the regulatory powers of the general manager do not extend to BCLC's activities in its conduct and management of gaming.

The general manager has some specific authority in relation to the activities of BCLC, such as the authority to conduct audits and investigations to monitor BCLC's compliance with the GCA and standards by which the corporation must abide. However, the general manager's role does not include regulating BCLC's conduct and management of gaming because the GCA assumes that the Minister, GPEB and BCLC act in concert.

Role of the BC Lottery Corporation (BCLC)

BCLC is a Crown Agency responsible for the conduct and management of lottery, casino, and bingo on behalf of the Province of British Columbia, in accordance with the GCA (section 7(1)). The affairs of the corporation are managed by a nine-member board of directors. This board is appointed by the Lieutenant Governor in Council.

BCLC's powers and duties arise from the GCA, and it is subject to:

- Regulations made by government, and
- Direction by the Minister.
- Directives of the general manager of GPEB made under section 28(1).

On a policy level, BCLC is also subject to policy direction such as the annual mandate letter, Taxpayer Accountability Principles, and government Core Policy.

BCLC's core responsibilities outlined in the GCA include:

- Ensuring commercial gaming facilities operate according to government policy and corporation standards, policies and procedures;
- Setting operational rules of play for the lottery schemes that BCLC is authorized to conduct and manage;
- Managing the location or relocation of, and any substantial changes to, gaming facilities;
- Managing contracts with gaming services providers;
- Monitoring compliance by gaming service providers with the GCA, GCR, and the rules of the lottery corporation; and
- Subject to certain requirements set out in the GCA, transferring net income to the consolidated revenue fund.

Role of the Ministry of Community, Sport and Cultural Development

In 2012, the Minister of Community, Sport, and Cultural Development (CSCD) became responsible for Part 6 of the GCA, which deals with grants to eligible organizations. Part 6

encompasses the community gaming program and decisions regarding eligibility and grant approval.

The Minister of CSCD may issue written directives to the community gaming grants manager on matters of general policy (section 40.2 (1) of the GCA). The GCA authorizes the community gaming grants manager (an employee of CSCD) to attach terms and conditions to a grant.

GPEB continues to provide financial oversight, audit, IT services, and corporate support.

Role of Local Governments

Host local governments—municipalities, regional districts or First Nations holding authority over land use planning—play a role in authorizing the location, relocation or substantial changes to gaming facilities. Under section 19 of the GCA, BCLC may not locate, relocate or make substantial changes to a gaming facility unless the corporation:

- first receives the approval from the host local government (HLG);
- is satisfied that the HLG has consulted with each potentially affected local government with respect to the subject matters prescribed by regulation; and
- is satisfied, in the case of the location or relocation of a gaming facility, that any applicable requirements respecting the registration of any proposed gaming services provider have been complied with.

An HLG must not give an approval referred to unless the host local government satisfies BCLC that adequate community input has been sought and considered.

The GCR also provides HLGs with the authority limit the number of slot machines permitted in a casino or community gaming centre during the process of providing approval for the facility within their jurisdiction.