



## **SHAREHOLDER'S LETTER OF EXPECTATIONS**

**BETWEEN**

**THE MINISTER OF PUBLIC SAFETY AND SOLICITOR GENERAL AND  
MINISTER RESPONSIBLE FOR HOUSING  
(AS REPRESENTATIVE OF THE SHAREHOLDER,  
THE GOVERNMENT OF BRITISH COLUMBIA)**

**AND**

**THE CHAIR OF British Columbia Lottery Corporation  
(AS REPRESENTATIVE OF THE CORPORATION)**

**FOR 2011/12**

### **PURPOSE**

This Letter of Expectations between the Shareholder and Corporation is an agreement on their respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issues and performance expectations as documented in the Shareholder's Expectations Manual for British Columbia Crown Agencies<sup>1</sup>. The Letter is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports, and is reviewed and updated annually. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

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<sup>1</sup> The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown Corporations. The Shareholder's Expectations Manual identifies roles and responsibilities for the Shareholder and Crown Corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

## CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to British Columbia Lottery Corporation:

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

To achieve this mandate direction, and in response to the Shareholder's general direction, frameworks and principles, the Corporation will:

- ensure that the Corporation's priorities reflect government's goals of building a strong economy; job creation; infrastructure and private sector investment; First Nations reconciliation; and climate action initiatives;
- conduct its affairs to achieve its mandate and the performance expectations of the Shareholder, with the principles of integrity, efficiency, effectiveness, and customer service;
- display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location; and
- inform the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the Corporation's operation and performance is consistent with government's strategic priorities and Fiscal Plan; as such the Corporation will:

- comply with the Shareholder's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- ensure the Shareholder is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;

- ensure any debit/credit card payment services provided to the public are in compliance with the international Payment Card Industry (PCI) Data Security Standards;
- for Corporations subject to the *Public Sector Employers Act*, ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration;
- ensure that Board appointments to Crown Corporation subsidiaries comply with Board Resourcing and Development Office's Best Practice Guidelines and are approved by Cabinet; and
- comply with government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with government.

In addition, the Shareholder directs the Corporation to take the following specific actions:

- To optimize the Corporation's financial performance, within the gaming and social policy framework established by the Shareholder and in response to customer and marketplace demand for products and services, proposing new revenue opportunities as they arise;
- To optimize the performance, security, integrity, and efficiency of the Corporation and its products and services through the replacement and modernization of infrastructure, processes and technology over the next five year period;
- To optimize the Corporation's social responsibility objectives, building public trust and support in a manner consistent with the Province's Responsible Gambling Strategy and with BCLC's Social Responsibility Charter; and
- To operate within the Province's legislative framework and regulations, including the *Gaming Control Act (2002)*, and comply with policies, directives and standards that may be issued from time to time by the Minister of Public Safety and Solicitor General and Minister Responsible for Housing or the regulatory agency, the Gaming Policy and Enforcement Branch (the Branch).

## **SHAREHOLDER'S RESPONSIBILITIES**

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown Corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- issue performance management guidelines, including guidelines for Service Plans and Annual Service Plan Reports:  
<http://www.gov.bc.ca/caro/publications/index.html>); and,
- review and provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports.

The Shareholder has developed policies for Ministries and Crown Corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Remuneration Guidelines for Appointees to Crown Agency Boards:  
<http://www.gov.bc.ca/caro/publications/index.html>).

The Shareholder has also issued the Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (<http://www.lcs.gov.bc.ca/brdo/governance/index.asp>). During the term of this Letter, the Shareholder may provide additional policy direction to the Crown agency sector, and will communicate such direction to the Corporation as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives, performance and financial targets and risk assessments identified in the Corporation's Service Plan.

Specific to the Corporation, the Shareholder:

- approves the Corporation's mandate to conduct, manage and operate lottery schemes within British Columbia under the *Gaming Control Act (2002)*;
- continues the Corporation as an agent of the Crown under the *Gaming Control Act (2002)*;
- confirms the role of the Minister of Finance as fiscal agent to the Corporation, providing the Corporation with access to government financing and banking services;
- preserves the right to provide broad policy direction on gaming and has empowered the Corporation to implement policies and procedures that allow it to operate in a business-like manner within the legislative and policy structure for gaming that has been established by the Shareholder;
- has established the Gaming Policy and Enforcement Branch (the Branch) as the agency of the government responsible for the overall integrity of gaming and horseracing in the province;
- has established the Branch to undertake policy, registration, audit, investigation and other functions to ensure that the integrity of gaming is maintained, while also ensuring that, within the regulatory and policy framework, the Corporation is able to implement its mandate and operate in a business-like manner;
- has established mechanisms to manage government's proceeds from gaming;

- has established policy and funding mechanisms to address problem and responsible gambling and endeavours to provide gaming in a responsible manner, and will provide to the Corporation government's plan for responsible gambling to inform the Corporation's activities in this area; and
- may issue directives or orders or sponsor submissions on behalf of the Corporation that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate the Corporation fulfilling its mandate and achieving the performance targets outlined in its Service Plans.

## **AREAS OF SHARED ACCOUNTABILITY:**

### **Reporting**

The Shareholder and the Corporation are committed to transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act* and has provided the Corporation with an Information Requirements and Events Calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/caro/publications/index.html>). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

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

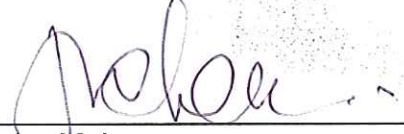
It is agreed that the Corporation will post the most recent signed copy of the Shareholder's Letter of Expectations on its website. Crown Agencies Resource Office will also post a signed copy of the Letter on its website.

## Review and Revision of this Letter

The Minister of Public Safety and Solicitor General and the Minister Responsible for Housing is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Resource Office is responsible for co-ordinating the overall process for preparing Letters of Expectation, and may assist the Minister in undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this Letter on a more frequent than annual basis.



Honourable Rich Coleman  
Minister of Public Safety and Solicitor  
Solicitor General



John McLernon  
Chair, British Columbia Lottery  
Corporation

Nov 29/2010

Date

Dec 15 2010

Date

cc: Honourable Gordon Campbell  
Premier

Allan Seckel  
Deputy Minister to the Premier and Cabinet Secretary

Graham Whitmarsh  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Lori Wanamaker  
Deputy Minister Solicitor General

Michael Graydon  
Chief Executive Officer  
British Columbia Lottery Corporation

Derek Sturko  
Assistant Deputy Minister and General Manager  
Gaming Policy and Enforcement Branch  
Ministry of Public Safety and Solicitor General

Marie Ty  
Executive Director  
Crown Agencies Resource Office