



GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

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

AND

**THE GENERAL MANAGER OF THE LIQUOR DISTRIBUTION BRANCH
(AS REPRESENTATIVE OF THE LIQUOR DISTRIBUTION BRANCH)**

FOR 2014/15

PURPOSE

This Letter of Expectations (the Letter) provides Government's annual direction to the Liquor Distribution Branch (LDB) and is an agreement on the parties' respective accountabilities, roles, and responsibilities. The Letter confirms the LDB's mandate and priority actions, articulates the key performance expectations as documented in the Government's Expectations Manual for British Columbia Crown Agencies¹, and forms the basis for the development of the LDB's Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties. It is intended to create an opportunity for dialogue between the parties and to support an open, positive and co-operative working relationship, resulting in the achievement of Government's policy and performance expectations in a transparent and accountable manner.

CORPORATION ACCOUNTABILITIES - MANDATE

Government has provided the following mandate direction to the LDB under the *Liquor Distribution Act*:

¹ The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The *Government's Expectations For British Columbia Crown Agencies* provides for a Government's Letter of Expectations (Letter) to be developed.

- To manage the importation, distribution and retailing of beverage alcohol in the province of British Columbia.

For those Crown corporations that are commercial entities, they are expected to earn positive returns for their shareholders, the people of British Columbia.

SPECIFIC CORPORATION ACCOUNTABILITIES

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

- Pursue relocation of the LDB Vancouver Warehouse to a new facility to realize significant efficiencies and productivity gains;
- Work with Government to implement recommendations coming out of the 2013/14 Liquor Policy Review being conducted as part of the Minister's mandate;
- Comply with the financial policies/guidelines provided by Government for mark-up, taxation, and the LDB's contribution to the Government;
- Meet the LDB 2014/15 – 2016/17 Service Plan budget and performance targets, including net income; and
- Facilitate transition of Rural Agency Stores and Duty Free Stores appointed under the LDB to become licensees under the *Liquor Control and Licensing Act* and regulated by the Liquor Control and Licensing Branch.

GENERAL CORPORATION ACCOUNTABILITIES

Over the past decades, British Columbians have come to expect high quality products and services delivered by their Crown corporations. The Province is well served by our Crown corporations and it is up to the Boards and Senior Management teams of these organizations to manage in the best interests of the Province and our citizens and conduct its affairs with the principles of integrity, efficiency, effectiveness, and customer service.

As a Crown corporation, it is critical that the operations of the entity be done as efficiently as possible, in order to ensure families are provided with services at the lowest cost possible.

Government sets broad policy direction to ensure the Corporation's operation and performance is consistent with the Government's Strategic Plan, found at:

http://www.bcbudget.gov.bc.ca/2013_June_Update/stplan/2013_June_Strategic_Plan.pdf

and as such, the Corporation will:

- Ensure that the Corporation's priorities reflect Government's priorities of:

Strong Economy

A government that supports our economy by controlling spending to balance the budget, keeping taxes and government debt affordable and protecting B.C.'s hard-earned triple-A credit rating.

Jobs

A government that is focused on job creation and investment in the province.

Families

A government that works continuously to improve social programs that support families of every description, and improve the lives of British Columbians.

- Comply with Crown Agency Accountability System guidelines, policy, due dates and best practices, as set out from time to time and as applicable to the Corporation, found at <http://www.gov.bc.ca/caro/publications/index.html> including the Information and Events Calendar for commercial and service delivery Crown corporations, Government's Expectations Manual for British Columbia Crown Agencies and the Best Practices Guideline & Disclosure Requirements for Governing Boards of British Columbia Sector Organizations.
- Comply with all legislation and policies applicable to the Corporation including but not limited to:
 - The executive compensation policies for Crown corporations. Found at: http://www.fin.gov.bc.ca/psec/disclosedocs/crown_corporation_executive_compensation_july_2012.pdf;
 - Ensure Government is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
 - Government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*.
- Follow the spirit and intent of the financial policy requirements in the Ministry of Finance Core Policy and Procedures Manual found at: <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/CPMtoc.htm>
- Participate in Government's Core and Crown reviews, which may include the review of Crown mandates, and implement the recommendations of these reviews.
- Ensure that any planned deficit spending or use of the retained earnings is approved in advance by Treasury Board.

- Inform Government immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

GOVERNMENT RESPONSIBILITIES

Specific to the LDB, Government will:

- Approve the LDB's mandate to manage the importation, distribution and retailing of beverage alcohol in the Province under the *Liquor Distribution Act*, and to support the role of the private sector in the retailing of beverage alcohol in the Province;
- Provide direction to the LDB regarding the respective roles and responsibilities of the LDB and the Liquor Control and Licensing Branch regarding regulatory functions;
- Enter into agreements with Canada as required under the *Excise Act* and the *Customs Act* and specify the role of the LDB in those agreements; and
- Ensure the appropriate consultation and notification occurs on significant policy and legislative issues that might impact the LDB.

During the term of this Letter, Government may provide further policy direction to the Ministry of Justice, who will communicate any such direction, including implementation expectations, to the LDB as decisions are made.

AREAS OF SHARED ACCOUNTABILITY

Government and the LDB are committed to transparency and accountability to the public and have planning, reporting and disclosure requirements in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and/or the *Financial Information Act*.

On a quarterly basis, the Minister Responsible, the Honourable Suzanne Anton, the Deputy Solicitor General, Lori Wanamaker, and the General Manager and Chief Executive Officer of the LDB, Blain Lawson, will meet to discuss relevant and current LDB business. The meetings will be to review the achievement of the goals, objectives, performance measures, financial targets and risk assessments identified in the LDB's Service Plan.

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

The LDB and the Crown Agencies Resource Office will post the most recent signed copy of the Government's Letter of Expectations on their respective websites.

REVIEW AND REVISION OF THIS LETTER

The Minister of Justice is accountable for undertaking reviews of this Letter and monitoring its implementation. Government and the LDB may agree to amend this Letter on a more frequent than annual basis.



Honourable Suzanne Anton QC
Attorney General
Minister of Justice

12 Mar 2014

Date



Blain Lawson
General Manager and CEO
Liquor Distribution Branch

March 18, 2014

Date

cc: Honourable Christy Clark
Premier

John Dyble
Deputy Minister to the Premier and Cabinet Secretary

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

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Lori Wanamaker
Deputy Solicitor General
Ministry of Justice

Douglas Scott
Assistant Deputy Minister and General Manager
Liquor Control and Licensing Branch
Ministry of Justice