



SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

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

AND

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

FOR 2011/12

PURPOSE

This Letter of Expectations between the Shareholder and Liquor Distribution Branch (LDB) 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 Agencies¹. The Letter is the basis for the development of the LDB's Service Plans and Annual Service Plan Reports, and is reviewed and updated annually.

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 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:

The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to LDB:

- Under the *Liquor Distribution Act*, to manage the importation, distribution and retailing of beverage alcohol in the province of British Columbia.

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

- ensure that the LDB'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 LDB is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the LDB's operation and performance is consistent with government's strategic priorities and Fiscal Plan; as such the LDB 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 LDB'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 LDB's scope of operations;
- ensure the Shareholder is advised in advance of the release of any information requests by the LDB 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 LDB in its dealings with government.

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

- meet the LDB 2010/11 – 2012/13 Service Plan budget and performance targets, including net income;
- comply with the financial policies/guidelines provided by the Shareholder for mark-up, taxation, the extent to which LDB may own capital assets, and LDB contributions to the Shareholder;
- maintain financial reporting that clearly segregates retail and wholesale operations to enable transparent disclosure of costs at the retail and wholesale levels;
- comply with the Shareholder's and the Liquor Control and Licensing Branch's direction to rationalize and improve the regulatory framework for the importation, distribution and retailing of beverage alcohol products in British Columbia.

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 LDB'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 LDB 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 LDB's Service Plan.

Specific to the LDB, the Shareholder:

- approves the LDB's mandate to manage the importation, distribution and retailing of beverage alcohol in the Province of British Columbia under the *Liquor Distribution Act* and to support the role of the private sector in the retailing of beverage alcohol in the Province;
- continues the LDB as an agent of the Crown;
- confirms the role of the Minister of Finance as fiscal agent to the LDB, providing the LDB with access to government financing and banking services; and
- preserves its right to provide broad policy direction and confirmation of general frameworks/principles, within which LDB may establish and apply specific policies/processes, in the following areas:
 - financial policies/guidelines with respect to mark-up, taxation, the extent to which LDB owns capital assets, and contributions to the Shareholder;
 - regulatory framework, with oversight from the Liquor Control and Licensing Branch, for the importation, distribution and retailing of beverage alcohol products in British Columbia through the *Liquor Distribution Act*; and
 - consumer protection and service delivery rules and regulations in co-ordination and co-operation with the Ministry of Public Safety and Solicitor General.
- provides direction on the level of involvement of the LDB in the liquor distribution system in British Columbia in each of wholesale, retail, and enforcement, and confirm rules and criteria for private sector involvement;
- provides direction to the LDB regarding the respective roles and responsibilities of LDB and the Liquor Control and Licensing Branch regarding regulatory functions;
- enters into agreements with Canada as required under the *Excise Act* and the *Customs Act* and specifies the role of LDB in those agreements;
- introduces any new legislation and/or regulation that may be required for the LDB to implement the Shareholder's direction; and
- ensures that the appropriate consultation and notification occurs on significant policy and legislative issues that may impact LDB.

AREAS OF SHARED ACCOUNTABILITY:

Reporting

The Shareholder and the LDB 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 LDB 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 LDB 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 LDB.

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 LDB and/or the interests of the Shareholder, including information on any risks to achieving financial forecasts and performance targets.

It is agreed that the LDB 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 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 LDB will discuss any issues and may agree to amend this Letter on a more frequent than annual basis.



Honourable Rich Coleman
Solicitor General



Jay Chambers, General Manager
Liquor Distribution Branch

Nov 29 / 2010

Date

DECEMBER 16, 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 Solicitor General

Karen Ayers
Assistant Deputy Minister
Ministry of Public Safety and Solicitor General

Marie Ty
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