



**BRITISH
COLUMBIA**

The Best Place on Earth

SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

**THE MINISTER OF ADVANCED EDUCATION
(AS REPRESENTATIVE OF THE SHAREHOLDER,
THE GOVERNMENT OF BRITISH COLUMBIA)**

AND

**THE CHAIR OF THE BRITISH COLUMBIA INNOVATION COUNCIL
(AS REPRESENTATIVE OF THE COUNCIL)**

PURPOSE

This Shareholder's Letter of Expectations (SLE) between the Shareholder and the Council is an agreement of the respective roles and responsibilities of each, and serves as the basis of agreement between the Shareholder and the Council on corporate mandate including high-level performance expectations, public policy issues and strategic priorities¹. It will be reviewed annually and updated as required. The SLE is the basis for the development of the Council's Service Plans and Annual Service Plan Reports. The SLE applies to the Shareholder and the Council. This SLE does not create any legal or binding obligations on the part of the Shareholder or the Council but rather is intended to define and promote a positive and cooperative working relationship.

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¹The Province of British Columbia's Crown Agency Accountability System (CAAS) ([http://www.gov.bc.ca/cas/down/shareholder's_expectations_manual_\(version%208\)_june_2_06.pdf](http://www.gov.bc.ca/cas/down/shareholder's_expectations_manual_(version%208)_june_2_06.pdf)) establishes guiding principles for the governance of Crown corporations. The CAAS also identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

COUNCIL ACCOUNTABILITIES

Government has provided the following mandate direction to the Council in order to ensure the Council fulfils its objectives as stated in Section 3, Objectives of Council, of the *British Columbia Innovation Council Act*:

- a) Encourage development and application of advanced or innovative technology to meet the needs of industry in British Columbia including the implementation, administration and funding of programs and the organization and management of projects and initiatives that serve to further the objectives set out in this section;
- b) Consider all matters brought to its attention by the Minister and if required by the Minister report its findings to the Minister;
- c) Formulate recommendations to the government respecting the acquisition, development and dissemination of scientific, technological and scholarly knowledge to promote the industrial, economic and social development of British Columbia,
- d) Advise the Government on implementation of science policy;
- e) Gather and organize information on scientific research;
- f) Facilitate discussions on science policy with Canada or a province or with an interested person;
- g) Recommend to the Government the establishment and awarding of fellowships, scholarships, exhibitions, bursaries, grants and prizes to encourage development of improved technology and retention of skilled research personnel in British Columbia; and,
- h) Evaluate research and development proposals and make recommendations to the Government respecting funding of these proposals.

The activities of the Council shall be compliant with Government's investment principles for the advancement of research and innovation in British Columbia, as articulated in the British Columbia Research and Innovation Framework. Namely, Council activities will:

- Increase or enable commercialization;

- Focus on the following key sectors where British Columbia has a competitive advantage:
 - Life Sciences (health and biotechnology);
 - Technology (information and communication, new media and wireless);
 - Clean Technology (alternative energy and sustainable technologies); and,
 - Natural resources (forestry, agriculture, fishing, mining, oil and gas).
- Leverage funding from the federal government, academic institutions, industry and other funding sources;
- Build and support critical mass within key sectors by strengthening existing or emerging clusters of highly qualified personnel (HQP), improving availability of and access to capital, and nurturing strong industry-academic interaction;
- Strengthen collaboration in key sectors both regionally and globally;
- Facilitate increased business growth and retention in British Columbia; and,
- Not include the provision of subsidies to specific companies.

In responding to Government's performance expectations and the general and specific frameworks and direction of the Shareholder, the Council will:

- Conduct its affairs to achieve its mandate and the performance expectations and objectives of the Shareholder, including establishing and implementing corporate strategies, policies, programs, plans and financial outcomes that are consistent with the Shareholder's general direction and consistent with principles of efficiency, effectiveness, consumer choice and customer service;
- Prepare Service Plans with clearly articulated goals, objectives, strategies and performance measures and targets, and Annual Service Plan Reports that detail progress toward achieving those goals, and post both documents on its website;
- Display all annual Statement of Financial Information schedules prepared under the *Financial Information Act* in an easily accessible location on its website (some of this information is included in annual reports and does not need to be otherwise displayed);
- Conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- Develop and implement strategies to mitigate risks identified in the Service Plan;
- Encourage staff involvement in developing ideas and new solutions to meet government's environmental and climate change objectives, including recycling and energy conservation programs and fleet and traffic management initiatives, and report on results achieved;
- Provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities; and,
- Provide information to the Shareholder if the Council is unable to meet the targets identified in its Service Plan.

In addition, the Shareholder directs the Council to take the following specific actions in this fiscal year:

- i) Continue to financially support the University Industry Liaison Offices and the British Columbia Regional Science and Technology Network and its member councils;
- ii) Continue to steward the \$50 million Natural Resources and Applied Sciences Research Endowment;
- iii) Develop and initiate programs, by July 2007, supporting the creation, growth and retention of promising, small technology companies, industry relevant research and the development and retention of HQP in British Columbia;
- iv) Encourage, assist and facilitate government, industry and academia in the evaluation, development and transfer of ideas, technologies, commercialization opportunities and innovations supporting Government's Climate Action and Clean Energy goals/initiatives, in order to meet the Province's goal of reducing greenhouse-gas emissions by 33 per cent below current levels by 2020;
- v) Provide advice to Government, as requested, in support of the advancement of research and innovation in British Columbia;
- vi) Present, by September 2007, recommendations for the Minister's approval on Council's role and, where applicable, the Council's implementation strategy for the following Government research and innovation priorities:
 - Enhancing and expanding the entrepreneurial science and technology culture in British Columbia;
 - Implementing applicable recommendations arising out of Global CONNECT's Report on Integrating and Enhancing Innovation in British Columbia;
 - Establishing research and innovation agreements and initiatives with Asia Pacific and western United States governments, businesses and institutions;
 - Addressing matters arising out of the publicly announced British Columbia Research and Innovation Framework; and,
 - Implementing Climate Action and Clean Energy goals/initiatives, in order to meet the Province's goal of reducing greenhouse-gas emissions by 33 per cent below current levels by 2020.
- vii) Reflect the recommendations (as approved by the Minister) outlined in Section vi) above in the Council's 2008/09 Service Plan.

SHAREHOLDER RESPONSIBILITIES

The Government is responsible for the legislative, regulatory and public policy framework in which the Council operates.

In order to meet these responsibilities and support achievement of the Shareholder's performance expectations, the Shareholder will:

- Establish, review, revise and communicate the Council's legislative mandate;
- Establish the overall and specific financial framework under which the Council operates (borrowing, investment, and payment to Government);
- Issue performance management guidelines, including guidelines for service planning and reports (guidelines are available at (<http://www.gov.bc.ca/cas/rpts/>));
- Provide strategic input and advice in the development of Service Plans and Annual Reports;
- Provide broad policy direction and confirmation of general frameworks/principles to the Council, within which the Council may establish and apply specific policies/processes;
- Advise the Council of the Shareholder's priorities, strategic decisions and public policy and performance objectives and expectations that may impact it; and,
- Issue directives or orders, or sponsor submissions on behalf of the Council that may be required to seek decisions or policy direction by the Executive Council of the Shareholder or its committees, in order to facilitate the Council in fulfilling its mandate and achieving the performance targets outlined in its Service Plan.

The Shareholder has developed policies for ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>), and Board remuneration policies for Crown agencies. The Shareholder has also issued Best Practice Guidelines for board governance and disclosure (<http://www.fin.gov.bc.ca/oop/brdo/corporateguidelines.pdf>). During the term of this SLE, the Shareholder may provide policy direction in a number of areas that will affect the Council, and will communicate any such direction to the Council, including implementation expectations, as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives and targets identified in the Council's Service Plan and Annual Report.

Specific to the Council, the Shareholder:

- Approves the Council's mandate as defined under the *British Columbia Innovation Council Act*, and,
- Continues the Council as an agent of the Crown with the same rights and benefits as the Province.

AREAS OF SHARED ACCOUNTABILITY

Communications:

It is agreed by both the Shareholder and the Council that, to ensure effective and efficient day-to-day communications and relationship building, officials representing both parties will be tasked with implementing the contents of this SLE and keeping the Minister of Advanced Education and the Council's Board of Directors informed of progress in a timely fashion.

Reporting:

The Shareholder and the Council are committed to enhanced transparency and accountability to the public. The Shareholder has put in place a public reporting structure set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*.

The Shareholder has provided the Council with a reporting calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/cas>). The Council agrees that it will meet these financial and performance reporting requirements. If Government determines that changes to the reporting requirements are necessary, the changes will be communicated to the Council.

It is agreed by both the Shareholder and the Council that there will be advance discussion and review of key strategic documents such as Service Plans, Quarterly Financial Reports and Annual Reports. These discussions will be completed sufficiently in advance of deadlines to ensure effective and timely input by the Shareholder.

In addition to these financial and performance reporting requirements, the Council agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts.

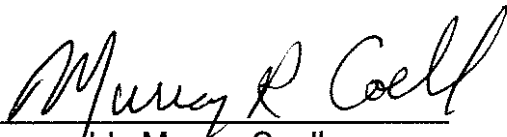
The Shareholder and the Council agree, that as a matter of course, each will advise in a timely manner of any issues that may materially impact the business of the Council or the interests of the Shareholder.

It is agreed that the Council will post the most recent signed copy of the SLE on its website. Crown Agencies Secretariat will also post a signed copy of the SLE on its website.

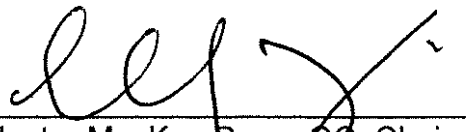
Review and Revision of this Letter

The Minister of Advanced Education is accountable for undertaking reviews of this SLE and monitoring its implementation. The Crown Agencies Secretariat is responsible for co-ordinating the overall process for preparing SLE's, and may assist the Minister in undertaking reviews of this SLE and monitoring its implementation.

If deemed necessary by either party, the Shareholder and the Council will discuss any issues and may agree to amend this SLE.



Honourable Murray Coell
Minister of Advanced Education



Hector MacKay-Dunn, *OC*, Chair
BC Innovation Council

Aug 11 07
Date

August 8, 2007
Date

- cc. Honourable Gordon Campbell
Premier

- Jessica McDonald
Deputy Minister to the Premier and Cabinet Secretary

- Chris Trumpy
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

- Molly Harrington
Chief Executive Officer
Assistant Deputy Minister
Crown Agencies Secretariat

- Moura Quayle, Deputy Minister
Ministry of Advanced Education

- Matthew Watson, Chief Executive Officer
BC Innovation Council

