MASTER COMPETITIVE SERVICE AGREEMENT

TRANSPARENCY REPORT

May 2009

1. INITIATIVE OVERVIEW

On March 23, 2005, the Province and the broader public sector entities comprised of the Insurance Corporation of British Columbia, WorkSafeBC, British Columbia Hydro and Power Authority, British Columbia Lottery Corporation, Northern Health Authority, Interior Health Authority, Fraser Health Authority, Vancouver Coastal Health Authority, Vancouver Island Health Authority and Provincial Health Services Authority (the "BPS") entered into the Master Competitive Services Agreement (the "MCSA") with TELUS Communications Company and TELUS Services Inc. (collectively "TELUS") for the provision of a variety of competitive network services. The Province and the BPS are collectively referred to as the "GPS Group".

MCSA products and services support government operations across the province as well as citizen access to government including e-government initiatives. In 2008, an extension of the MCSA was successfully negotiated. Key extension changes included improvements in the areas of transition services, termination terms, and network upgrade costs.

The extended agreement will end December 2010.

2. BENEFITS OVERVIEW

MCSA benefits include: a) cost reduction through aggregation and optimization initiatives; b) service delivery improvement through simplification, process improvement, and service level agreements; and c) increased planning and collaboration capability through a new governance structure.

The MCSA achieved aggregation of the TELUS competitive services spend by the Province and all of the signatory BPS entities. This aggregation resulted in an immediate and significant cost reduction to the GPS Group organizations.

Under the MCSA, the BPS entities received the same legal rights and remedies that have been negotiated by the Province over the years.

Efficiencies were realized through the consolidation of 350 agreements into a single agreement, the optimizing and simplification of services and pricing, as well as on-going process improvements related to service delivery. Legacy services and services levels were preserved where appropriate while a new MCSA service level framework, including the imposition of financial consequences based on performance, was established and is contributing to service quality improvements. End user benefits have been realized through service delivery and service coverage improvements. Continuous improvement practices are in place.

A new governance process was established to manage MCSA commitments and obligations for the GPS Group. The structure includes a GPS Council of CIOs which meets regularly. The formation of the Council provides an ability to plan and implement joint initiatives aimed at producing better business outcomes by improving access to information across government organizations.

3. STATUS UPDATE

Since signing the MCSA in 2005, all of the key initial projects have been fulfilled including:

- Consolidation and rationalization of existing services;

- Implementation of a simplified network price book;

- Various optimization initiatives have been substantially completed; and

- Finalization of a service level framework.

A number of significant events have occurred since the implementation of the MCSA including:

- A review of MCSA service level targets against industry benchmarks;

- Network upgrades to a number of TELUS central offices have been completed in order to extend broadband services. Quarterly reviews of GPS Group network upgrade requirements are conducted in support of rural broadband expansion;

- In 2007, confirmation was received that the Province and the BPS are continuing to receive competitive pricing from TELUS;

- Regular network service level reporting and client satisfaction surveys have been completed; and

- Progress has been made on optimization projects including billing and project management.

In 2008, an extension of the MCSA was successfully negotiated. Key extension changes included improvements in the areas of transition services, termination terms, and network upgrade costs.

Implementation of the MCSA resulted in on-going cost reductions to the GPS Group organizations. Completion of various contract requirements as well as continuous improvement practices, including those outlined above, have resulted in GPS Group process efficiency improvements and service quality improvements which in turn enhance the delivery of services to government and citizens.

The following graph shows the improvement in GPS Group satisfaction with TELUS overall service delivery since the commencement of the MCSA in 2005. Multiple stakeholders from each of the GPS Group organizations annually respond to the question, "thinking about your overall experience, how would you rate TELUS on your level of satisfaction?" The graph below shows the percentage of responses in each category for 2005, 2006, 2007, and 2008.

GPS Client Overall Satisfaction Survey Result
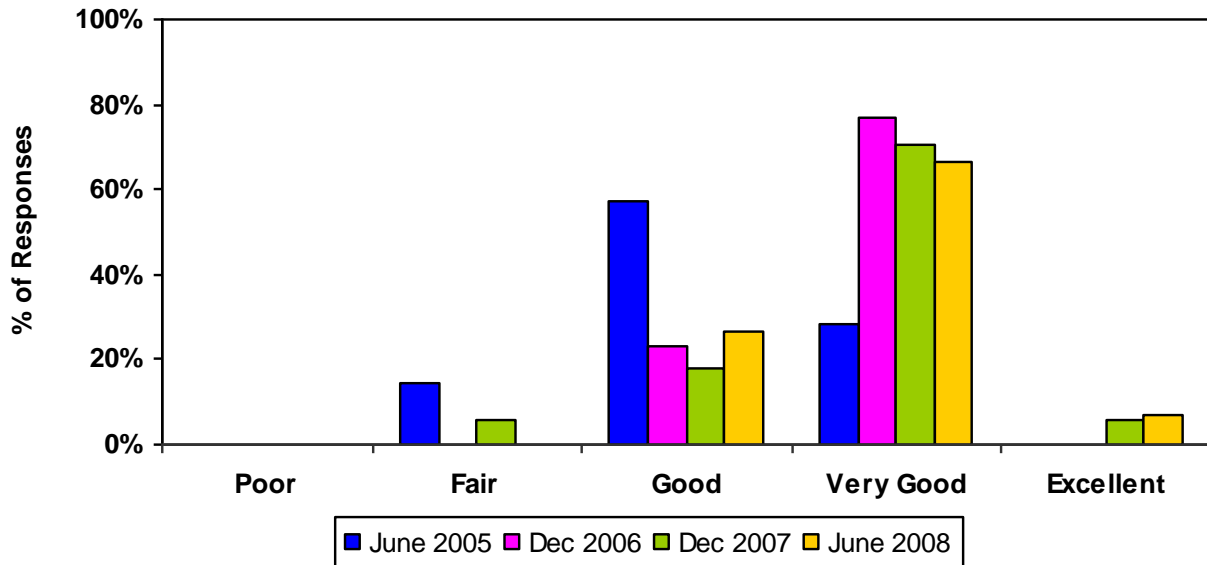
4. CONTRACT OBJECTIVES OVERVIEW

The MCSA reflects certain objectives including establishing a new GPS Group network operating framework, the consolidation of 350 network agreements, pricing simplification, the implementation of a comprehensive set of service level practices and establishing a governance structure. The MCSA also reflects objectives focused on performance monitoring, benchmarking, problem resolution, continuous process improvement and other operational requirements.

Approximately 93 MCSA obligations are actively tracked and reviewed. The status of the obligations as of April, 2009 was:

- 35 obligations have been completed. Objectives 1, 2 and 3 below are examples of completed obligations.

- 35 obligations are ongoing and include annual, quarterly, and monthly and one time requirements, all of which have been met and are up to date. Objective 4 below is an example of an ongoing obligation.

- 23 items are "as required" obligations. Processes are in place to evoke the requirements of each obligation if the situation arises. In March 2008, the as required obligation to confirm competitive pricing was completed.

Collectively the contract objectives support the benefits outlined in section 2.

The status of four representative key objectives from the MCSA is provided below.

Objective 1

Activities (undertaken to achieve objective)	Results
Aggregation of the competitive services spend by the Province and all of the signatory BPS entities	Achieved.

Objective 2

Activities (undertaken to achieve objective)	Results
Consolidation of 350 agreements into a single agreement	Achieved

Objective 3

Activities (undertaken to achieve objective)	Results
Establishing a new governance process covering the Province and all of the signatory BPS entities with TELUS	Achieved Level 1 (executive) through Level 4 (operational) monthly, bi-weekly and semi-annual governance meetings were conducted.

Objective 4

Activities (undertaken to achieve objective)	Results
Complete defined TELUS infrastructure upgrades	Business requirement review conducted in 2008. Required upgrades scheduled and/or completed.

6. CONTINUOUS IMPROVEMENT

The MCSA includes optimization objectives. Based on a review of operating challenges, service improvement opportunities are formally identified at the start of each year. The status of the key objectives identified at the beginning of 2008 is outlined below.

- A project excellence program was introduced, further enhancing project management changes made in 2007.

- An enhanced data services provisioning process was introduced with the key objectives of reducing installation lead time intervals and improving the number of due dates met. A successful large scale trial of the process was completed in 2008.

- "Call Centre Anywhere" enhancements were completed.

- TELUS internal service level reporting system improvements were completed.

- A GPS Group billing optimization project was completed.

7. SERVICE COMMITMENTS

7.1 MCSA BALANCED SCORECARD OVERVIEW

The Balanced Scorecard tracks the success of the MCSA in specific areas following defined measurement and reporting practices. There are five Balanced Scorecard categories:

1. Service Management measures TELUS' ability to deliver and maintain the MCSA services. This includes Service Assurance (trouble restoration), Fulfillment (implementation of new orders) and Change Management.

2. Performance Management measures the performance of TELUS' Advanced Services or Next Generation Network (NGN). This includes the Availability of Services, the Quality of Services (QoS) and other technical parameters.

3. Financial Management tracks specific financial aspect of the agreement.

4. Optimization reports on the status of projects undertaken to avoid cost and/or improve service while controlling cost.

5. Stakeholder Survey Results measure trends based on surveys conducted with GPS Group CIOs and end users (typically GPS Information Technology Directors).

Generally, Next Generation Services have Service Level Agreements ("SLAs") with strict requirements and the imposition of financial consequences based on performance. Legacy network services have Service Level Objectives ("SLOs") with requirements that generally are below that of NGN services.

Services are continuously monitored to ensure they are meeting MCSA technical specifications. The table below is an example of performance measurement showing, at a high level, results for 2008. Green indicates that the result met or exceeded the objective. The table below, for the technical measures of availability, latency, jitters, and packet accuracy, represents the aggregated result for all GPS organizations averaged over the year.

| SLA	Service Availability		Latency (ms)				Jitter (ms)		Packet Accuracy			
	Bronze	Gold	Core AF3	Core EF	Access AF3	Access EF	Core EF	Access EF	Core AF3	Core EF	Access AF3	Access EF
2008 YTD	(green)	(green)	(green)	(green)	(green)	(green)	(green)	(green)	(green)	(green)	(green)	(green)

7.3 SERVICE MANAGEMENT RESULTS SUMMARY

In addition to technical performance monitoring, service delivery and maintenance performance are monitored to ensure they are meeting MCSA SLAs and SLOs. The table below shows the assurance, fulfillment and change management high level results for advanced data network services for all GPS organizations averaged over the year. Green indicates that the result met or exceeded the objective; yellow indicates that the result was within 2% of the objective. Red indicates that the objective was not met.   In the case of Fulfillment below, the provider pays service level credits for all instances of missed due dates.

SLA	Assurance	Fulfillment	Change Management
	Time To Restore	Due Dates Met	Requests Completed
2008 YTD	(green)	(red)	(green)

As the Fulfillment target for Advanced Services is 100%, any miss over the course of the year will result in a red indicator.

The graph below shows time to repair for MCSA services with SLAs and SLOs for all GPS Group organizations (excluding BCLC retail locations which have a different Time to Repair target). The target is 4 hours.
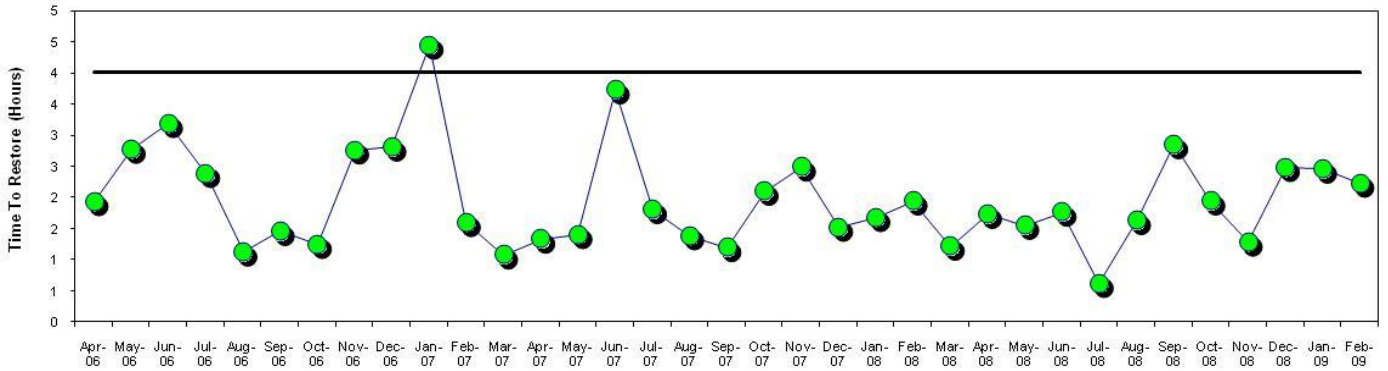
The graph below shows installation due dates met for all GPS Group organizations.