

partnerships

British Columbia



Partnerships British Columbia
Service Plan
2012/13 – 2014/15



Message from the Chair

On behalf of the Board of Directors, management and employees, it is my pleasure to submit Partnerships British Columbia Inc's (Partnerships BC or the Company) Service Plan for the period April 1, 2012 to March 31, 2015. Partnerships BC would like to thank the Minister and the Province for their continued support of the Company. This plan outlines Partnership BC's goals, including revised, more tangible measures, and plans for achieving those goals over the next three fiscal years.

As a mature organization, Partnerships BC has acquired experience supporting the infrastructure and fiscal priorities of the Province. The Company will continue to serve the interests of British Columbia in planning and managing the competitive selection process and implementation of major construction projects, and by providing expert advice to government in these areas.

Over the next year, Partnerships BC will continue to leverage opportunities to expand British Columbia's experience and skills in markets outside of the province. To diversify the Company's client base, Partnerships BC plans to meet a 15 per cent target for revenue outside of the provincial entity. This approach to business development is intended to facilitate Partnerships BC's goal of continuing to be a self-sustaining organization. This, and the fact that the global partnerships market is experiencing significant growth, may provide new opportunities for British Columbian and Canadian companies. During the next year, Partnerships BC will be looking for opportunities to participate and assist in these endeavours.

Many countries are working to resolve financial crises and critical infrastructure gaps and there is considerable volatility and uncertainty in global financial markets. The British Columbia partnerships market remains one the most attractive in the world, the economy has remained stable, and government commitments are backed by an AAA credit rating. As a result, British Columbia is seen as a stable market and safe haven for investment. Canada's bond market continues to evolve, creating more flexibility and stability with regard to financing options since the credit crisis. Project finance costs have decreased , both bond and bank financing solutions have become available, and the Province remains committed to optimize, rather than maximize, the amount of private finance in transactions.

Partnerships BC's 2012/13–2014/15 Service Plan was prepared under the direction of the Board of Directors in accordance with the Budget Transparency and Accountability Act. The Board approves performance measures and targets, and holds management accountable for the contents of the plan, the achievement of performance measures and targets and for ensuring that Partnerships BC achieves its specific objectives identified in the plan. The plan is consistent with the Province's strategic priorities and fiscal plan. All significant assumptions, policy decisions and risks as of February 2012 have been considered in preparing the plan.



Larry Blain,
Chair

Table of Contents

Message from the Chair	i
Organizational Overview	1
Corporate Governance.....	3
Strategic Context.....	5
Goals, Objectives, Key Strategies, Measures and Targets	8
Government’s Letter of Expectation.....	14
Summary Financial Outlook	15

Organizational Overview

Partnerships BC is a company owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. The Company is incorporated under the British Columbia Business Corporations Act.

Vision

Partnerships BC's vision is to be a recognized leader in evaluating, structuring and implementing partnership delivery solutions for public infrastructure which achieve value for money. The Company is focused on delivering consistent value to its clients and is committed to its long-term viability.

Mandate

Partnerships BC's mandate is to:

- Plan and structure partnership delivery solutions for public infrastructure which are expected to achieve value for money;
- Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development; and
- Maintain a self-sustaining organization and provide added value to an increasingly diverse client base.

How Partnerships BC Serves British Columbians

Partnerships BC serves British Columbians through the planning, delivery and oversight of major infrastructure projects. Partnerships BC's services are valuable to the Province's ability to undertake the planning and procurement of complex projects, specifically those involving the use of private sector expertise, services and capital. Since 2002, Partnerships BC has participated in more than 35 projects with an investment value of approximately \$12.5 billion, of which \$5 billion is private sector capital. These projects—which are either operational, under construction or currently in the competitive selection process—are delivering the following benefits to British Columbians:

- Five new emergency departments,
- Two new regional cancer centres,
- More than 280,000 square-metres of new health care facilities,
- More than 1,000 new acute care hospital beds,
- More than 1,100 new residential care beds and assisted living units,
- New capacity to accommodate more than 1,000,000 annual outpatient visits,
- One new secondary school,
- One new correctional facility,
- 133 modular classrooms,
- Six new bridges,
- 390 kilometres of new highway,
- 30 kilometres of rapid transit, and
- Treatment of up to 500,000 cubic metres of contaminated water annually.

Core Business Areas

Partnerships BC provides a full spectrum of services ranging from business planning and project delivery management to advisory services during the design, construction and operations phases.

Partnerships BC's specific service offerings are described in the table below.

BUSINESS PLANNING	COMPETITIVE SELECTION PROCESS	DESIGN, CONSTRUCTION, OPERATIONS
<ul style="list-style-type: none"> • Concept Plans and Feasibility Analysis • Competitive Selection Process Options Assessment • Business Case <ul style="list-style-type: none"> ▶ Market Sounding ▶ Quantitative Analysis ▶ Risk Analysis ▶ Multiple Criteria Analysis (MCA) ▶ Procurement Options Analysis 	<ul style="list-style-type: none"> • Competitive Selection Process Management • Evaluation Management • Contract Negotiations • Service Integration <ul style="list-style-type: none"> ▶ Consultant Management 	<ul style="list-style-type: none"> • Construction Oversight and Contract Management – Advisory • Project Reporting • Project Management

GUIDANCE DOCUMENTATION & CAPACITY-BUILDING
STRATEGIC COMMUNICATIONS & STAKEHOLDER RELATIONS
KNOWLEDGE MANAGEMENT & RECOMMENDATIONS TO DECISION-MAKERS

Principal Partners, Clients and Stakeholders

Partnerships BC provides project structuring services from the business planning stage through the competitive selection process and into design, construction and operations. The Company's key clients include public sector agencies such as ministries, Crown corporations, health authorities, advanced education institutions, municipal governments, the federal government and other provincial governments. To strengthen the market in British Columbia, Partnerships BC builds relationships with the business community including private sector developers, investors, the advisory and financial services sector, as well as providers of construction, engineering and facilities management services.

How Partnerships BC Delivers Services

Partnerships BC's service model is a consulting model that is based on a fee-for-service structure. The Company provides services directly through its own expertise and also by engaging external consultants where specialized advice is required.

Location of Operations

Partnerships BC has offices in the following locations:

2320 – 1111 West Georgia Street
Vancouver, BC V6E 4M3

300 – 707 Fort Street
Victoria, BC V8W 3G3

Corporate Governance

Board of Directors

Partnerships BC is governed by a Board of Directors that ensures the operations of the Company reflect the interests of the Shareholder. The composition of the Board reflects Partnerships BC's unique mandate, with Directors drawn from both the public and private sectors. The Board oversees the conduct of the business of the Company and provides direction to the management team, which is responsible for the day-to-day conduct of the business. The Board Chair and the President and CEO meet with the Shareholder on key matters relating to the Company.

The Board follows governance principles as set out in the Best Practices Guidelines published by the Board Resourcing and Development Office of the Ministry of Finance. The activities of the Board are governed by disclosure guidelines set by the Province. Details on Partnerships BC's governance practices, as well as Terms of Reference for the Board, its committees and Directors, can be found at: <http://www.partnershipsbc.ca/files-4/governance-practices.php>.

The Board is supported by two committees. The Audit and Risk Management Committee provides oversight of key financial information. This includes audited financial statements, quarterly financial statements, the Annual Report and any quarterly reports, the Service Plan, annual business plan, operating and capital budgets, and any budget presentations to government. The committee also reviews the Company's risk management, internal controls and information systems.

The Human Resources and Governance Committee assists the Board with human resource issues, compensation matters, the establishment of a plan of continuity, and development for senior management. The committee also provides a focus on corporate governance to enhance the performance of the Company.

DIRECTORS	RESPONSIBILITIES
Larry Blain	Chair, Board of Directors
Ed Anderson	Human Resources & Governance Committee
Brian Bentz	Chair, Human Resources & Governance Committee
Susan Conner	Chair, Audit & Risk Management Committee
Dan Doyle	Audit & Risk Management Committee
Peter Kappel	Audit & Risk Management Committee
Gordon Steele	Lead Director Human Resources & Governance Committee

Senior Management Team

Partnerships BC is structured into strategic service units that support the Company's project focus and operational requirements: Projects, Finance and Administration, and Partnerships Services. These business units, and their primary functions, are described in the table below.

SENIOR MANAGEMENT TEAM

Sarah Clark

President and Chief Executive Officer

<p>Doug Ewing Vice President Projects</p> <p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Business and Market Development • Project Governance and Delivery • Senior Project Advice • Corporate Relations 	<p>Chan-Seng Lee Vice President Finance and Administration</p> <p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Finance and Accounting • Human Resources • Administration • Facilities • Information Technology • Contract Management • Corporate Governance 	<p>Susan Tinker Vice President Partnerships Services</p> <p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Business Development • Policy and Practices • Procurement Services • Knowledge Management • Shareholder Relations • Communications • Legal Services
---	--	---

Strategic Context

Global

Many countries are working to resolve financial crises and critical infrastructure gaps and there is considerable volatility and uncertainty in global financial markets. Governments worldwide continue to have an infrastructure gap and utilize partnership models to deliver successful projects on time and on budget. A capital policy framework similar to British Columbia's is used by many countries, including New Zealand and Australia. There is strong partnership market activity in Asia and more than 30 U.S. states, and supporting legislation has been developed. Canada continues to be seen as a leader in partnership procurement, along with the United Kingdom and Australia.

National

While the world financial markets have experienced significant turmoil since 2008, Canada's has been relatively stable.

Between 2002 and 2010, more than 130 partnership projects have been or are being delivered across Canada, reflecting a mature and experienced market with a wide range of active participants. Partnerships BC will continue to offer procurement management advice and expertise to municipal governments in new sectors such as water, wastewater and waste management.

Provincial

The British Columbia partnerships market remains one the most attractive in the world, the economy has remained stable, and government commitments are backed by an AAA credit rating. As a result, British Columbia is seen as a stable market and safe haven for investment. Canada's bond market continues to evolve, creating more flexibility and stability with regard to financing options since the credit crisis. This has resulted in decreased project finance costs, particularly with the Province's commitment to optimize, rather than maximize, the amount of private finance in transactions.

Partnerships BC continues to build on the Company's reputation as a flexible and reliable service provider. The Company's role remains focused on the planning, procurement and implementation of major projects, using partnership and other contracting methods.

Partnerships BC supports the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. A component of the Company's innovation, leadership and expertise is focused on helping clients deliver energy efficient infrastructure and new sources of green energy.

Risk and Opportunities

Looking ahead to 2012/13-2014/15, Partnerships BC has identified the following risks to its performance and developed an action plan to ensure the Company remains on-track to achieve its corporate goals.

RISK AND OPPORTUNITIES	POTENTIAL IMPACTS	ACTIONS
SERVICE OFFERINGS		
<p>Risk: Scope of business focus and client base may be too small for long term sustainability.</p> <p>Opportunity: Continue to offer services for a broader range of planning and advisory services within and outside British Columbia.</p>	<p>Maintaining long term financial independence may be difficult.</p>	<p>Partnerships BC will continue to consult with government agencies to understand the infrastructure needs, identify project opportunities, and offer a diverse range of project delivery services, including program and policy development.</p>
SUCCESSFUL IMPLEMENTATION OF PROJECTS		
<p>Risk: Project delivery may not be successful in the construction phase or operations and maintenance phases.</p> <p>Opportunity: Provide assistance to clients in the planning and operations phases to ensure adequate budget and governance frameworks are in place.</p>	<p>Projects may experience problems or changes during the various phases (design, construction or operations phase) if the appropriate budget and governance frameworks are not in place.</p>	<p>The Company will apply best practices during the planning and competitive selection process (including costing, affordability, evaluation and governance), and provide advisory services during design, construction and operations stages. Best practices and experiences will be communicated across projects to assist in successful implementation.</p>
MARKET SIZE AND CAPACITY		
<p>Risk: The Province may face challenges relating to market growth in competing jurisdictions.</p> <p>Opportunity: Through market outreach and consistency of approach, the Province can maintain its attractiveness to the market. Partnerships BC can continue to play an important role in this area.</p>	<p>Market participation may be diluted and competition diminished.</p>	<p>Partnerships BC will continue to develop and maintain relationships with market participants. The Company will continue to apply consistent approaches to planning and implementing projects to maintain an attractive market in B.C. and will work with clients to ensure they have the tools to implement the contracts successfully.</p>

RISK AND OPPORTUNITIES	POTENTIAL IMPACTS	ACTIONS
INTEREST RATES		
<p>Risk: Availability of private capital for infrastructure projects, cost of capital, and fixed financial terms during the proposal evaluation and negotiation phase may reduce or negate value for money proposition estimated in the business case phase.</p> <p>Opportunity: Optimize the use of private and public debt and support development of new finance partners.</p>	<p>Expected value for money may not be achieved at financial close if markets change.</p>	<p>Lending rates have stabilized due to a strong Canadian bond market; however, projections continue to be uncertain for providers of finance from other parts of the world. Partnerships BC will remain highly informed on financial market conditions and optimize the use of private and public debt to achieve risk transfer.</p>
INTERNAL EXPERIENCE AND CAPACITY		
<p>Risk: Difficulty with retaining and attracting individuals with the right expertise to deliver services.</p> <p>Opportunity: Build on a human resources strategy that enables professional staff to develop the right mix of skills and expertise to meet project and corporate responsibilities.</p>	<p>Potential decrease in service quality and capacity.</p>	<p>Partnerships BC will continue to recruit from the public and private sector. The Company will continue to conduct external compensation reviews and human resource strategies to benchmark against comparable public and private sector organizations. Partnerships BC will provide continuous learning opportunities through targeted and relevant training.</p>

Operational Capacity

Partnerships BC plans to increase its Full Time Equivalent (FTE), including both salaried employees and contractors, from 37.4 in 2011/12 to 41.8 in 2012/13 to meet the planned results.

Goals, Objectives, Key Strategies, Measures and Targets

The goals, strategies and measures are critical to Partnerships BC as they form the base from which key priorities relating to the corporate mandate are evaluated. Since 2002, the Company has been guided by the annual Shareholder's Letter of Expectation from which the Board of Directors has developed Partnerships BC's vision, corporate goals, performance measures and service model. On an annual basis, the Board of Directors reviews the Company's goals and performance measures and provides recommendations for change, if necessary.

A recent review by the Board of Directors has recommended that revisions should be made to the performance measures that better reflect the maturity and experience of Partnerships BC. The revised quantitative performance measures are included in this year's Service Plan and will improve the tracking of Partnerships BC's progress in delivering on its key priorities.

Partnerships BC will employ a number of strategies to support achievement of its goals and revised performance measures, including:

- Maintain focus on providing core services from planning through operations phases;
- Continued application of expertise to large or complex projects;
- Diversify business with new clients and new sectors;
- Support clients in the area of capital program planning and project governance; and
- Continue to engage with key stakeholders in the business community and market to generate awareness, support and understanding for major project benefits and delivery methods.

While the Canadian partnerships market has expanded over the last few years, there are no other agencies either nationally or internationally that are structured with the exact same service delivery model as Partnerships BC. Therefore, it is not possible in most cases to provide benchmark comparisons with other organizations.

Partnerships BC tracks data from a number of sources, including:

- The financial plan presented to the Board of Directors, which is benchmarked against comparable corporations where possible;
- Project milestones and comparison of milestones achieved based on project plans;
- A knowledge management strategy to track and catalogue best practices, guidance and project examples; and
- Information from client and employee satisfaction review processes, including surveys and interviews.

Partnerships BC provides quality assurance in the implementation of all aspects of the Service Plan, and continues to improve the internal mechanisms that facilitate excellence in product quality. The Company monitors the performance of the measures outlined in the Service Plan and introduces corrective actions as necessary to ensure goals are met. The Company's three corporate goals, along with the strategies, measures and targets for achieving those goals, are described on the following pages.

Partnerships BC updated its goals in 2010-11 and these changes were reflected in the previous Service Plan and Annual Report. This year, the Company has refined and updated its measures to ensure they accurately reflect the goals of the organization. In the sections and tables that follow, the updated measures and associated targets and rationale are shown. Those shown for 2011-12 will be discontinued.

Goal 1:

Plan and structure partnership delivery solutions for public infrastructure which are expected to achieve value for money.

Partnerships BC shares with its clients a commitment to planning and structuring the optimal delivery solution for public infrastructure projects that provide value to British Columbians. Partnerships BC adds value by applying due diligence and discipline to the business planning stage of a project, offering guidance on the development of the procurement options analysis and the calculation of the expected value for money to be achieved. In addition, the business planning stage requires careful consideration and evaluation of project risks, and how best to manage those risks to protect taxpayers' dollars.

The demand for infrastructure in the health, transportation, education and energy sectors continues. Partnerships BC is focused on pursuing opportunities in these and other sectors. While many of the large and complex capital projects are likely to be delivered using the public private partnership method, the business planning process always includes the exploration of the best procurement method for each project. Such methods can include multiple procurements or multi-phased procurements. The Company is applying its commercial expertise to the management of multiple procurement methods for complex projects.

GOAL 1: PLAN AND STRUCTURE PARTNERSHIP DELIVERY SOLUTIONS FOR PUBLIC INFRASTRUCTURE WHICH ARE EXPECTED TO ACHIEVE VALUE FOR MONEY

STRATEGIES TO ACHIEVE GOAL 1:

- Implement ongoing assessments of current and completed projects and use feedback in future projects
- Work closely with the Ministry of Finance and clients throughout the planning process to ensure procurement model recommendations are aligned with government priorities

2011/12		2012/13 TO 2014/15		
MEASURES	TARGETS	MEASURES	TARGETS	RATIONALE
Effective planning and approval processes which incorporate all relevant learnings.	<p>Concept plan and business case milestones achieved.</p> <p>Number of new and repeat clients.</p> <p>Positive client feedback.</p> <p>Positive Board assessment of incorporation of cross-project learnings.</p>	Procurement options analysis and recommendation aligns with government objectives.	100 per cent of projects.	Delivery model analysis is consistent, comprehensive and aligns with project and provincial objectives and policies.
Consistent use of recommended methodology for procurement options analysis.	Documented use of recommended methodology.	2011-12 measure has been discontinued.	N/A	N/A
Achieve anticipated value for money at financial close.	Positive Board assessment of value for money at financial close.	Projects achieve value for money at financial close.	Each project which reaches financial close achieves value for money.	Indicates that delivery model analysis and competitive selection process is sound.

Goal 2:

Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development.

A continued focus for Partnerships BC is designing procurement processes that are efficient, fair and transparent. As one measure of efficiency, the Company established a procurement benchmark for partnerships projects of 18 months from the date the Request for Qualifications (RFQ) is issued, to when the final project agreement is reached. Efficient procurement processes help to save time and money for both the public and private sectors. Partnerships BC remains committed to maintaining a high level of public disclosure related to procurements, consistent with government policy.

Project success starts with creating an attractive market for partnership project participants. Creating a strong and competitive market for projects will encourage innovation and increase value for our clients and taxpayers. In turn, international companies will invest in British Columbia and partner with local firms to take advantage of their expertise.

As the partnership program has matured and more projects have entered the construction and operations phase, Partnerships BC is responding to requests from our clients to provide governance and advisory services during the construction phase, and will increase the level of support offered during the operations phase. Partnerships BC is well positioned to provide this support based on our intimate knowledge of how project agreements are structured, and the allocation of roles and responsibilities between the public and private sector partners. There will be concerted efforts to review projects in the operations stage to provide real-time feedback to upcoming projects.

GOAL 2: SUCCESSFULLY IMPLEMENT PARTNERSHIP DELIVERY SOLUTIONS FOR PUBLIC INFRASTRUCTURE THROUGH LEADERSHIP IN PROCUREMENT, PRACTICES AND MARKET DEVELOPMENT

STRATEGIES TO ACHIEVE GOAL 2:

- Implement ongoing assessments of current and completed projects and use feedback in future projects
- Reinforce B.C.'s reputation as an attractive market for major infrastructure projects and promote individual projects to ensure strong bidder response
- Manage fair, transparent and consistent competitive selection processes

2011/12		2012/13 TO 2014/15		
MEASURES	TARGETS	MEASURES	TARGETS	RATIONALE
Conduct efficient procurement processes which incorporate all relevant cross-project learnings.	<p>Project procurement milestone of 18 months.</p> <p>Documented use of recommended methodology.</p> <p>Positive client feedback.</p> <p>Positive Board assessment of incorporation of cross-project learnings.</p>	Total competitive selection process time from Request for Qualifications (RFQ) to Financial Close.	<p>Number of months (18 months for Design Build Finance Maintain/Operate projects; 12 months for Design Build projects).</p>	<p>An efficient and effective competitive selection process decreases costs, attracts market participants and ensures construction commences in a timely manner.</p> <p>The 18 and 12 month timeframes have proven optimal in the Canadian market.</p>

GOAL 2: SUCCESSFULLY IMPLEMENT PARTNERSHIP DELIVERY SOLUTIONS FOR PUBLIC INFRASTRUCTURE THROUGH LEADERSHIP IN PROCUREMENT, PRACTICES AND MARKET DEVELOPMENT

2011/12		2012/13 TO 2014/15		
MEASURES	TARGETS	MEASURES	TARGETS	RATIONALE
Level of competition and ongoing market development.	<p>Positive Board assessment of level of competition.</p> <p>Number of new or repeat market participants.</p> <p>Market composition (international or local).</p>	Level of competition and ongoing market development.	Achieve a minimum of four qualified respondents at the RFQ stage of every competitive selection process, with the expectation to shortlist three respondents.	Confirms viable and consistent project structure and competitive selection process that attracts robust competition on all projects.
<p>Achieve fair and transparent procurement processes.</p> <p>Maintain a high level of public disclosure related to procurements, consistent with government policy.</p>	<p>Positive market feedback.</p> <p>Fairness advisors used on projects, where applicable.</p> <p>Fairness advisor reports confirm fairness of procurement process.</p> <p>Publish procurement documents and fairness reports on projects, consistent with government policy.</p> <p>Publish a Project Report after final project agreement, where applicable.</p>	2011-12 measure has been discontinued.	N/A	N/A
Achieve successful implementation on projects.	<p>Positive client feedback.</p> <p>Private partner feedback.</p>	Achieve level of satisfaction with customer competitive selection process and implementation phase work.	Achieve an 85 per cent customer satisfaction rating.	Supports goal of providing a value-added range of services and viability as self-sustaining organization.
	Other performance indicators and evaluation methodology (related to design, construction and operations phases) developed by September 2011.	Involvement in Post Financial Close (PFC) engagements.	Maintain PFC engagement revenue at a minimum of five per cent of annual revenue target.	Reflects demand for these services; provides adequate scale to facilitate consistent implementation and to capture lessons learned across projects.
N/A	N/A	New measure: Participation in active competitive selection processes.	Participate in three to five competitive selection processes per year.	Maintains relevance and position in the market given the size and resources of the Company.

Goal 3:

Maintain a self sustaining organization and provide added value to an increasingly diverse client base.

Partnerships BC is committed to the principles of fiscal responsibility and financial independence. As a fee-for-service organization, the Company must demonstrate its value to clients to ensure repeat business. Over the years, the Company has developed considerable depth of knowledge and expertise, as well as a comprehensive library of guidance documents, templates and project examples to support clients with new projects in new sectors. Knowledge management and transfer are key components of demonstrating value to our clients.

Going forward, Partnerships BC will continue to diversify its client base by seeking out new clients and new sectors where our expertise can add value. The Company will continue its outreach activities to help develop and maintain a positive reputation amongst key stakeholders, decision makers and influencers to help secure current and prospective clients. In addition to providing services within B.C., Partnerships BC will continue to provide services to clients in other jurisdictions. This aligns with the Province's goal to provide opportunities for job creation and investment for British Columbian and Canadian companies.

Partnerships BC prides itself on creating a positive corporate culture for its employees; the ability to attract and retain high-quality staff is critical to achieving our corporate goals. Employees are incented through a market comparable compensation structure and a flexible project-oriented organization that offers interesting and challenging work. Training and development programs are offered to employees as a means of developing and preparing staff for career advancement. The positive results of the annual employee satisfaction survey are compared to industry standards and are an indication of the Company's performance.

GOAL 3: MAINTAIN A SELF-SUSTAINING ORGANIZATION AND PROVIDE ADDED VALUE TO AN INCREASINGLY DIVERSE CLIENT BASE

STRATEGIES TO ACHIEVE GOAL 3:

- Respond to client needs and focus on providing value added services
- Diversify expertise as required to support all aspects of clients' needs
- Implement business development activities to grow business outside of the Province

2011/12		2012/13 TO 2014/15		
MEASURES	TARGETS	MEASURES	TARGETS	RATIONALE
Achieve financial plan.	<p>Meet Board-approved net income margin.</p> <p>Sufficient equity to support six months of operations.</p> <p>Achieve weighted average utilization rate of 60 per cent to 70 per cent.</p> <p>Achieve utilization rate (including work under the government services contract) of 85 per cent.</p>	Annual financial performance meets Board-approved net income target.	Meet approved net income target.	Meets requirement for Partnerships BC to be a self-sustaining organization.

GOAL 3: MAINTAIN A SELF-SUSTAINING ORGANIZATION AND PROVIDE ADDED VALUE TO AN INCREASINGLY DIVERSE CLIENT BASE				
2011/12		2012/13 TO 2014/15		
MEASURES	TARGETS	MEASURES	TARGETS	RATIONALE
Increase diversity of client base.	Number of engagements with new client.	Achieve appropriate balance between work with Province and work with other jurisdictions.	Obtain a minimum of 15 per cent (of revenue target) of work with other jurisdictions on an annual basis.	Aligns with Province's goal to provide opportunities for job creation and investment for B.C. and Canadian companies.
Maintain and develop required employee levels and skill sets. Maintain a positive professional culture.	Comparison of voluntary turnover to industry standards. Achieve a minimum of four out of five from annual employee satisfaction survey. Provide appropriate professional development opportunities.	Satisfactory employee survey results.	Achieve a minimum of four out of five from annual employee satisfaction survey.	Indicates ability to recruit and retain a productive workforce with public and private sector experience.
Develop and maintain a positive reputation amongst key stakeholders, decision makers and influencers.	Positive reputation for the Company amongst key stakeholders. Outreach activity which includes conferences and client or government workshops. External validation (e.g. awards and informed media coverage).	2011-12 measure has been discontinued.	N/A	N/A

Government's Letter of Expectation

The Government's Letter of Expectation between the Shareholder (the Government of British Columbia) and Partnerships BC provides Government's annual direction to the Crown agency and is an agreement on the parties' respective accountabilities, roles and responsibilities. The Letter confirms the Company's mandate and priority actions, articulates the key performance expectations and forms the basis for the development of Partnerships BC's Service Plan and Annual Service Plan Report. The Government's Letter of Expectation is reviewed and updated as required.

SPECIFIC COMPANY ACCOUNTABILITIES:

GOVERNMENT'S DIRECTIONS TO PARTNERSHIPS BC	PARTNERSHIP BC's RESPONSE
<p>Work with the Ministry of Finance to identify the policy parameters and performance/risk management strategies to guide Partnerships BC's efforts to expand its business development activities beyond the provincial government and partnerships capital projects.</p>	<ul style="list-style-type: none"> • Consult with the Province to identify and pursue key markets that could leverage B.C.-based expertise.
<p>Continue to work with the Ministry of Finance to ensure that affordability best practices and project finance strategies are aligned with the principles of the provincial Capital Asset Management Framework (CAMF) and provide ongoing advice to the Ministry of Finance on other areas of capital asset management.</p>	<ul style="list-style-type: none"> • Remain highly informed on financial market conditions and work with Ministry of Finance to develop deal structure innovations to respond to changing market conditions. • Maintain existing library of guidance documents, templates and project examples to support new projects and ensure alignment with the Capital Asset Management Framework. • Respond to requests from the Ministry of Finance for specific advice and support.
<p>Continue to engage early, and work closely with, line ministries/ agencies, TBS and other relevant central agencies to ensure that the key service issues, costs, benefits, and risks related to partnerships projects are clearly identified and updated in a timely manner throughout the project review and approval process.</p> <p>To provide opportunities for further collaboration on partnerships projects and support timely engagement, Partnerships BC and client ministries should provide regular updates to TBS and other central agencies on specific emerging and current partnerships projects.</p> <p>Partnerships BC should also facilitate ongoing dialogue with TBS and other central agencies on the partnerships policy model and market.</p>	<ul style="list-style-type: none"> • Encourage open dialogue between the client and approval entities, especially in the early stages of project development and approval. • Expand level of stakeholder outreach to key clients/government agencies through workshops. • Provide Treasury Board Staff with status updates on projects and the partnership market.
<p>Continue to improve transparency for the partnerships methodology and projects by expanding strategies to further educate key stakeholders about its quantitative methodology and the benefits of partnership procurement models for major capital projects.</p> <p>Specific strategies to be undertaken by Partnerships BC may include expanding public education about partnerships projects and reviewing opportunities to simplify and streamline Project Reports produced for the public.</p>	<ul style="list-style-type: none"> • Partnerships BC will continue its stakeholder outreach program Partnerships BC will continue to advise clients of the benefits of proactive disclosure of procurement documents, guidance documents and templates.

Summary Financial Outlook

Partnerships British Columbia Inc.

Fiscal 2011/12 Forecast and Fiscal 2012/13 to 2014/15 Budget

	2010/11 Actual	2011/12 Forecast	2012/13 Budget	2013/14 Budget	2014/15 Budget
REVENUE					
Fees for Service	\$ 8,404,771	\$ 8,459,569	\$ 9,039,680	\$ 9,310,870	\$ 9,591,100
Other Revenue	130,243	87,624	82,000	82,060	82,122
Project Recoveries	4,286,974	3,406,388	4,240,000	4,340,000	4,360,000
Total Revenue	12,821,988	11,953,581	13,361,680	13,732,930	14,033,222
EXPENDITURES					
Salaries and Benefits	5,126,670	5,076,843	5,416,345	5,578,835	5,746,200
Contractor Costs	1,162,250	1,355,044	1,712,804	1,764,188	1,817,114
Professional Services	460,488	346,933	380,000	391,400	403,142
Administration	1,389,363	1,357,447	1,373,523	1,418,049	1,495,328
Corporate Relations	33,647	27,430	48,240	49,687	51,178
Amortization	141,133	185,054	166,347	159,948	104,892
Total Expenditures	8,313,551	8,348,752	9,097,259	9,362,107	9,617,854
Project Recoverable Expenses	4,286,974	3,406,388	4,240,000	4,340,000	4,360,000
Net Income (loss)	\$ 221,463	\$ 198,441	\$ 24,421	\$ 30,823	\$ 55,368
Net Income (Pre-Variable Compensation)	\$ 664,463	\$ 663,312	\$ 537,302	\$ 559,091	\$ 599,483
Full Time Equivalents (FTEs)	37.4	37.4	41.8	41.8	41.8
Capital Expenditures	\$ 207,659	\$ 150,000	\$ 133,388	\$ 190,982	\$ 170,757
Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ 7,907,970	\$ 8,106,411	\$ 8,130,832	\$ 8,161,655	\$ 8,217,023

Key Assumptions:

The budgeted financial information for fiscal years 2012/13 to 2014/15 was prepared based on the following assumptions:

1. Number of Full Time Equivalent (FTEs) of 41.8.
2. There is no increase in Partnerships BC's charge out rates to provincial clients.
3. Operating expenses for 2012/13 are developed on the basis of a zero based budgeting exercise and increases for fiscal years 2013/14 and beyond are based on inflation.
4. Capital expenditures budget for Information Technology hardware and software.

How to contact Partnerships BC:

Email: partnershipsbc@partnershipsbc.ca

Vancouver

2320-1111 West Georgia Street
Vancouver, BC V6E 4M3

Tel: (604) 681-2443

Fax: (604) 806-4190

Victoria

300-707 Fort Street
Victoria, BC V8W 3G3

Tel: (250) 475-4903

Fax: (250) 475-4681

www.partnershipsbc.ca

