



## COMPENSATION GUIDELINES

(November 2009)

In order to achieve Partnerships BC's business and operational objectives, it must rely on the contribution of its employees. Partnerships BC's compensation program plays a key role in the organization's ability to attract, motivate and retain quality employees.

### Compensation Philosophy

Partnerships BC is committed to a total compensation perspective that views compensation as including base salary, short-term incentive pay, benefits, pension, vacation and perquisites.

Partnerships BC recognizes that a key component of an effective compensation philosophy is the need to maintain a meaningful degree of competitiveness with the relevant external labour market. Given the unique mandate of Partnerships BC, as both an instrument of public policy and operating essentially as a private sector professional services firm, the appropriate comparator market is defined as one that balances public sector equity and relativity with industry-specific comparability. In particular, Partnerships BC has determined that its appropriate external labour market reference point consists of a balanced composite (50%/50%) of the broader British Columbia public sector and comparable private sector.

The key elements of Partnerships BC's compensation offering include cash and non-cash compensation as follows:

### Cash Compensation

Total cash compensation is made up of base salary and short-term incentive pay (STI). Total cash compensation is targeted at the 50<sup>th</sup> percentile of the composite market, to a maximum of the 75<sup>th</sup> percentile of the composite market upon achievement of above average performance. Specifically:

- **Base salary** – Base salary pay practice is targeted to be at the 50<sup>th</sup> percentile of the composite market, with a 40% range for the minimum to maximum in each salary range.
- **STI** – STI practice, recognizing individual contributions to the success of the organization, is targeted at the 50<sup>th</sup> percentile of the composite market. STI allows employees to earn above the 50<sup>th</sup> percentile of the composite market for total cash compensation, to a maximum of the 75<sup>th</sup> percentile of the composite market for above average performance. The amount of STI available annually will be dependent on Partnerships BC's corporate performance and financial capacity.

## Non-Cash Compensation

Non-cash compensation includes the following:

- **Benefits package** – Competitive benefits package based on the government standard.
- **Pension** – Competitive retirement benefits based on the government standard.
- **Vacation** – Competitive vacation time capped at four weeks due to the project-based nature of the organization.
- **Perquisites** – Discretionary car and parking allowance.

## Compensation Review

Partnerships BC conducts an annual review of compensation. In addition, in keeping with its philosophy with respect to the need to maintain a meaningful degree of competitiveness with the relevant external labour market, Partnerships BC conducts biennial external reviews of compensation (executive compensation in even years and employee compensation in odd years). These external reviews should be 'primary' in focus and should include analysis of total compensation (cash and non-cash) paid by appropriate comparison organizations to positions comparable to those at Partnerships BC. Unless the business of Partnerships BC changes, external market reviews of compensation should attempt to replicate a consistent comparator sample of organizations on a longitudinal basis.

## Base Salary Management

Every Partnerships BC position is assigned a base salary range. Placement and movement within the salary range is typically based on an employee's performance and competence level in the role relative to the composite market mid point. Salary range progression should reflect performance and/or competency growth illustrated as follows:



- The market mid point is equal to the salary typically paid in the composite market to competent performers in a comparable position.
- Generally speaking, employees developing in the position would be paid between the minimum and the mid point.
- An employee who consistently performs all aspects of the position in a fully competent manner would be paid at or near the market mid point.
- In order to merit a salary increase which would place his or her salary above the market mid point, an employee would have to demonstrate performance during the year which clearly surpasses the fully competent level. An employee who reaches this level of excellence does so through unique and exceptional application of knowledge, skills and/or effort over a consistent, sustained period.

Because Partnerships BC is a small organization and is limited in the number of developmental employees it can recruit, employees are often recruited at a highly competent level and placed in the mid to high point in the salary range relative to their competence. The lower end of the salary ranges are used for promoting and developing internal staff.

### Competence Ratings for Salary Movements

Employee competence is assessed and assigned to one of the following overall ratings for salary movements:

- Developmental
- Fully Competent
- Exceptional

### Determining Salary Increases

The employee's competence rating, and his or her current salary range placement, are used in determining his or her salary increases. The application of employee competence and position in the salary range to determine salary increases is illustrated in the example below.

**Example - Salary Increase Grid**

Employee's Competence Rating	Position of Employee's Present Salary In Applicable Salary Range		
	At Range Minimum	At Market Mid 50 <sup>th</sup> Percentile	At Range Maximum
Developmental	2-5%	0-2%	0%
Fully Competent	3-6%	1-3%	0%*
Exceptional	4-7%	2-5%	0%*

\*any increase is at the discretion of the CEO.

In a year in which an employee does not substantially achieve his or her performance plan goals, the Company is not required to increase the employee's salary or may increase the employee's salary by less than the salary increase grid.

An employee is not guaranteed to remain at the same position in his or her respective salary range. On the contrary, an employee's performance is assessed each year and his or her salary change is determined accordingly.

Actual employee base salary increases will be assessed by management and awarded within the Board approved overall compensation budget.

## Earning STI

Each Partnerships BC employee is assigned an eligible STI target based on percentage of base salary. The objectives of the STI plan are to:

- Provide a competitive plan that will assist in attracting, motivating and retaining quality employees.
- Support Partnerships BC's strategic plan and focus employees' attention and efforts on the organization's business plan and priorities.
- Encourage and equitably recognize individual performance.

There are three steps in the determination of individual STI awards, including:

- Achievement of corporate performance goals.
- Partnerships BC's financial capacity.
- Individual employee performance.

### 1. Achievement of Corporate Performance Goals

Corporate performance goals are set in Partnerships BC's Annual Service Plan. Achievement of these goals is measured against the targets established in the Service Plan and annual corporate budget (including financial targets). The corporate performance is reviewed on an annual basis.

#### Financial Capacity

Two STI pools are accrued each year. The first is based on the CEO and President's salary. The second is based on the total of other individual salaries multiplied by individual target STI. Except as set out below, the level of achievement of the corporate performance goals determines the size of the STI pools that will be paid out at year end (less than, equal to, or more than the accrued STI pool). The STI pools can be reduced below what the corporate performance review would indicate due a failure to meet financial targets (referred to as lack of financial capacity) and applying the broad principle that the contribution to retained earnings should not be less than the contribution to the STI pools.

Examples of funding the STI pool:

- Partnerships BC meets its corporate performance goals – STI pools funded 100%.
- Partnerships BC exceeds its corporate performance goals – STI pools may be funded greater than 100%.
- Partnerships BC does not meet its corporate performance goals, but net income (pre-STI pool) is positive – STI pools funded between 0-100%
- Partnerships BC does not meet its corporate performance goals and net income (pre-STI pool) is zero or negative – STI pools not funded.

### **3. Achievement of Individual Goals**

Each individual's performance plan reflects individual performance objectives that are aligned with corporate performance objectives. Each individual is rated according to a review of performance against these objectives. The corporate performance review defines the size of the STI pools. However, if the company fails to meet its financial targets, the lack of Financial Capacity can cause a reduction of the STI pools as described above. In this event, all individual ratings will be reduced by the same proportion, to reflect the lack of Financial Capacity. For example, if the corporate performance rating is 100 or "Meets Expectations", but the funding of a STI pool is 80% of the accrued amount, due to a lack of Financial Capacity, then all individual STI payments will be reduced to 80% of the amount implied by each individual review.

### **Compensation Accountability**

The Partnerships British Columbia Board of Directors will be responsible to awarding STI to the President & CEO within the STI pool amount.

The President & CEO will be responsible for operating within the approved salary budgets and awarding STI within STI pool amounts.

Senior management will annually provide to the Board of Directors a report summarizing the salary movement and STI for employees to provide a high level review for compensation due diligence.

May 26, 2010

Mr. Paul Straszak,  
President and CEO  
Public Sector Employers' Council Secretariat  
P.O. Box 9400 Stn Prov Govt  
Victoria BC V8V 9V1

**Re: Public Sector 2009-10 Executive Compensation Disclosure  
for Partnerships British Columbia Inc.**

Dear Mr. Straszak:

On behalf of the Partnerships British Columbia Inc. Board of Directors, I confirm that the 2009-10 Executive Compensation Disclosure report as attached is consistent with the company's executive compensation plan.

Regards,



Rick Mahler  
Chair  
Partnerships British Columbia Inc.  
Board of Directors

Attach.

**Summary Compensation Table  
Fiscal 2009/10  
Partnerships British Columbia Inc.\***

<b>Name and Principal Position (a)</b>	<b>Salary (\$) (b)</b>	<b>Incentive Plan Compensation Paid (\$) (d)</b>	<b>Pension (\$) (e)</b>	<b>All Other Compensation (\$) (f)</b>	<b>Total (\$) (g)</b>	<b>Previous 2 Years Totals (h)</b>
Larry Blain – Chief Executive Officer	\$348,801.96	\$118,250.00 based on 30% target (fiscal 08/09)	\$35,148.87	\$9,999.96(a) \$2,163.15(b) \$805.05(c) \$99.68(d) \$1,152.00(e) \$3,352.14(f) \$3,588.00(g)	\$523,360.81	2007/08= \$545,109.82  2008/09= \$509,453.30
Sarah Clark – Vice-President, Partnerships Development and Delivery	\$96,518.52	\$44,050.00 based on 20% target (fiscal 08/09)	\$16,682.51	\$3,337.50(a) \$2,163.15(b) \$805.07(c) \$102.23(d) \$1,296.00(e) \$2,360.28(f) \$2,132.00(g) \$73,197.32(h)	\$242,644.58	2007/08= \$215,681.44  2008/09= \$263,353.25
Susan Tinker – Vice-President, Partnerships Services	\$144,503.61	\$21,500.00 based on 15% target (fiscal 08/09)	\$14,112.24	\$6,942.00(a) \$2,315.63(b) \$867.88(c) \$109.65(d) \$648.00(e) \$330.90(f) \$2,470.00(g)	\$193,799.91	2007/08= Not applicable*  2008/09= \$179,326.93
Chan-Seng Lee - Vice-President, Finance and Administration	\$144,503.62	\$21,800.00 based on 15% target (fiscal 08/09)	\$14,120.30	\$6,942.00(a) \$2,313.73(b) \$866.98(c) \$108.73(d) \$1,296.00(e) \$1,066.55(f) \$3,588.00(g)	\$196,605.91	2007/08= \$175,941.45  2008/09= \$183,415.61

Note: All Other Compensation (Column f):

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| (a) Car Allowance                 | (e) MSP                               |
| (b) CPP                           | (f) Group Insurance Benefits          |
| (c) EI (reflects 68.61 EI rebate) | (g) Parking                           |
| (d) WCB                           | (h) Maternity and Parental Allowances |

Note: Incentive Plan Compensation Paid (Column d) was earned on performance for the 2008-09 year, paid in the 2009-10 fiscal year.

\* Not in a reportable position during 2007-08 fiscal year.

**Partnerships British Columbia Inc.**  
**Summary of Performance – Fiscal 2008-09**  
**In Support of Performance Payments to Executives in 2009-10**

Performance Goal	Performance Measurement
Structure and implement public private partnership solutions which serve the public interest	<ul style="list-style-type: none"> <li>• 25 new engagements</li> <li>• Engaged new sectors and other jurisdictions: Corrections, Colleges, Saskatchewan, Prince Edward Island and PPP Canada</li> <li>• 15% revenue growth</li> <li>• All controllable project milestones achieved</li> <li>• 3 Project Reports: Achieving Value for Money published</li> <li>• Clean fairness opinions on 4 projects published</li> </ul>
Encourage development of the public private partnership market in British Columbia	<ul style="list-style-type: none"> <li>• Active market participation – 11 new market participants</li> <li>• Projects using standard procurement documents</li> <li>• Developed and implemented comprehensive best practices: costing, affordability, evaluation and governance</li> <li>• Evidence of reduced project costs</li> <li>• Examples of efficiencies in procurement processes</li> <li>• 2 awards for PPP projects</li> </ul>
Remain commercially viable and increase productivity	<ul style="list-style-type: none"> <li>• Net income target exceeded</li> <li>• No change in charge-out rates</li> <li>• Employee satisfaction targets met: BC Public Service Agency Work Environment Survey results – 85 (compared to public service benchmark of 66); BC Best Companies to Work for in BC results – 4.06 out of 5.</li> </ul>
Ensure that public private partnership projects with provincial funding exceeding \$20 million, where Partnerships British Columbia provides a review and oversight role, are structured and implemented utilizing best practices	<ul style="list-style-type: none"> <li>• Positive feedback received from clients in multiple sectors</li> <li>• 2 capital plan reviews; 3 procurement assessment reviews</li> <li>• Direct involvement in all active PPP projects</li> <li>• Examples of best practices applied</li> </ul>

**Note: Detailed description of Partnerships BC's Performance Goals and Measurement can be found in the Company's 2008-09 Annual Report at [www.partnershipsbc.ca](http://www.partnershipsbc.ca).**