

Partnerships British Columbia Inc.

2017/18 – 2019/20 SERVICE PLAN

September 2017



For more information on Partnerships British Columbia Inc. contact:

Suite 900, 1285 West Pender Street
Vancouver, B.C.
V6E 4B1

Or

300 - 707 Fort Street
Victoria, B.C.
V8W 3G3

Or visit our website at
www.partnershipsbc.ca

Board Chair Accountability Statement



The 2017/18 - 2019/20 Partnerships British Columbia Inc. (Partnerships BC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 22, 2017 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Partnerships BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Partnerships BC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in cursive script, appearing to read 'Dana Hayden'.

Dana Hayden
Board Chair

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Strategic Direction and Operating Environment

Strategic Direction

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

Partnerships BC's strategic direction and mandate have been set by its Shareholder, as per the Crown's 2017/18 Mandate Letter. Issued in August, the letter lays out government's three key commitments to British Columbians:

- to make life more affordable;
- to deliver the services that people count on; and
- to build a strong, sustainable, innovative economy that works for everyone.

The Mandate Letter also supports true and lasting reconciliation with First Nations in British Columbia through the adoption and implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Calls to Action of the Truth and Reconciliation Commission.

Partnerships BC will support the government's three key commitments and assist in the adoption of the UNDRIP and Calls to Action, where applicable for the organization.

The current corporate goals reflect Partnerships BC's mandate to ensure it is meeting Shareholder and client needs and remain unchanged from last year:

Vision

To be a recognized leader in evaluating, structuring and implementing delivery solutions for complex public infrastructure projects while consistently delivering value to our clients.

Mandate

Partnerships BC supports the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects, by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers.

Values

Partnerships BC's values are as follows:

Service: Partnerships BC is committed to value-added, cost effective, efficient client service.

Commitment: Partnerships BC is committed to delivering high quality work, to working together as a team, to collaborate and communicate in a timely way.

Accountability: Partnerships BC is committed to transparent management of its business, to reporting out on operations, and to ensuring compliance with public sector compensation guidelines.

Integrity: Partnerships BC is committed to making decisions and taking actions that are transparent, ethical and free from conflict of interest, and to adhering to its ethical code of conduct.

Respect: Partnerships BC is committed to engaging in equitable, compassionate, respectful and effective communications.

Operating Environment

Public infrastructure continues to play a major role in supporting Canada's economy. With British Columbia facing aging infrastructure and budget constraints, while also experiencing population growth and new infrastructure needs, public private partnerships bring together the expertise of both the private and public sectors to help address the resulting infrastructure gaps.

Partnerships BC advises public sector clients how best to plan, procure and deliver capital projects to foster innovation and quality and to manage projects to be on time and on budget, using a variety of procurement models. Procurement models include design build, design-build-finance, design-bid-build, and public-private partnerships (P3s). In all cases, the public sector owns the infrastructure and maintains full oversight of the project. When delivered on time and within the capital and affordability ceilings, governments are able to make their planned investments in critical public services which has been the experience in B.C.

Partnerships BC continues to demonstrate leadership in procurement and commercial practice. The organization has long term relationships with core clients in B.C. including the Ministries of Transportation and Infrastructure, Health, and Public Safety and Solicitor General and has established new relationships with the Ministries of Advanced Education, Skills and Training and Education, along with several B.C. Crown corporations.

In addition to services provided within B.C., Partnerships BC offers value added services to clients outside of the province such as the Territories of Nunavut and the Yukon, Saskatchewan, and Newfoundland and Labrador. Partnerships BC also pursues advisory and procurement opportunities with jurisdictions outside of B.C including the Westcoast Infrastructure Exchange in the United States. This creates opportunities for B.C. companies to participate in other markets. It also provides opportunities for Partnerships BC to both refine and improve its practices and learn lessons from working with other jurisdictions, which can be applied to B.C.

Since its inception in 2002, Partnerships BC has participated in 52 projects with a cumulative capital investment of approximately \$18 billion. Of these, eight projects with a total capital investment of \$2.2 billion were undertaken for other governments in Canada. The B.C.-based projects – which are either operational, under construction or currently in the competitive selection process – are delivering significant benefits to clients and British Columbians. Partnerships BC is also in its second year of implementing its Stakeholder Engagement Plan and is committed to continued engagement with our clients and partners.

The B.C. pipeline for complex capital projects remains strong and there is potential for a significant project flow in the coming years with the federal government's continuing and new infrastructure funding programs announced in 2016 which may include emerging opportunities related to the federal Infrastructure Bank. These programs will provide opportunities to increase funding capacity to address infrastructure gaps across B.C. and Canada.

Partnerships BC is executing on its Strategic Plan to meet corporate goals as reflected in the Mandate Letter, developing a sustainable project pipeline (i.e. sufficient revenue generation from projects to support operations), and focusing on the continued growth and development of new and existing employees.

Performance Plan

Goals, Objectives, Strategies, Performance Measures, and Targets

Partnerships BC acts as an interface between public sector entities and private sector organizations in the procurement and delivery of complex capital projects. Partnerships BC's services include:

- Project planning
- Concept plan and business case development
- Procurement advice and management
- Design and construction oversight
- Contract administration
- Project communications support

Partnerships BC recommends the best procurement model for each project to its client. The global infrastructure market consistently recognizes Partnerships BC-led procurements as being well run, fair, open and transparent, thereby increasing market interest and supporting vibrant competition.

Since its inception in 2002, Partnerships BC has been guided by its annual Mandate Letter issued by its Shareholder, from which the executive and Board of Directors has developed the vision, mandate, corporate goals, performance measures and service model for the company.

Corporate Goals
1. Meet procurement objectives associated with complex infrastructure projects
2. Deliver value add to our clients and engage stakeholders effectively
3. Maintain a responsive and resilient organization

Goal 1: Meet procurement objectives associated with complex infrastructure projects

Strategies

- Partnerships BC is committed to being a centre of expertise in planning and procurement, to maintaining its guidance and best practice documents, and to demonstrating quality control.
- Partnerships BC is committed to initiating innovative procurement processes and contractual structures, and working with its clients and the market to achieve procurement objectives such as fairness, transparency, attracting robust competition, achieving value for money, and meeting procurement schedules.

Performance Measures 1-4: Procurement objectives are met

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
1. Fairness advisor report where size and scope warrants fairness review	100% of fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered
2. Achieve value for money at financial close	100% of projects that reached financial close achieved value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money
3. Financial proposals are within capital and affordability ceilings	100% of projects that reached financial close were attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings
4. Project is delivered based on the agreed upon procurement schedule	100% of projects were delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule

Discussion

Partnerships BC will work with client project teams to collect and publish Fairness Advisor and Value for Money reports.

In order to ensure that financial proposals are within the capital and affordability ceilings, Partnerships BC will compare the project's capital and affordability ceilings as outlined in the Request for Proposal to the estimated project costs in the Value for Money* report.

**Value for Money (VFM) is the risk-adjusted difference in present value dollar terms between the PPP and traditional delivery model costs of integrating design and construction as well as the cost of major maintenance over the duration of the contract.*

Not all benefits are captured in a VFM number. Examples of such benefits include early completion and delivery of associated services to the public or improved long term service outcomes (e.g. better clinical outcomes in a hospital).

Goal 2: Deliver value add to our clients and engage stakeholders effectively

Strategies

- Partnerships BC is committed to meeting or exceeding client expectations.
- Partnerships BC is committed to implementing and monitoring a stakeholder engagement program that uses a range of methods to gather and respond to feedback. Examples include surveys, market outreach sessions, meetings and briefings, workshops and information sharing events, conferences and business-to-business networking sessions.
- Partnerships BC is committed to maintaining strong market participation.

Performance Measures 5-7: Delivering value and engaging stakeholders

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
5. Client satisfaction*	Achieved client satisfaction rating of 92.8%	Achieve 85% or higher client satisfaction	Achieve 85% or higher client satisfaction	Achieve 85% or higher client satisfaction
6. Stakeholder satisfaction*	Achieved stakeholder satisfaction rating of 83.3%	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance
7. Competitive procurements	Achieved target of at least four qualified respondents at RFQ stage for all procurements that commenced in fiscal 2016/17	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage

Discussion

Client satisfaction and effective stakeholder outreach and engagement in procurement practices have all been identified as priority performance measures .

The performance was measured through client surveys and stakeholder interactions. Partnerships BC will continue to conduct client surveys to measure satisfaction against approved targets. Moving forward, performance will be compared to the 2015/16 baseline of 80 per cent stakeholder satisfaction, with the expectation it is sustained or improved.

A fundamental tenet of Partnerships BC led procurements is that the public sector obtains value from procurements with robust competition.

The client and stakeholder satisfaction ratings have a standard error of +/- 8 per cent at the 95 per cent level of confidence.

** Surveys were conducted and completed in Q3 2016/17. Partnerships BC has a limited number of clients and stakeholders, and as a result the percentage satisfaction rating may fluctuate from year to year.*

Goal 3: Maintain a responsive and resilient organization

Strategies

- Partnerships BC is committed to ensuring an effective project work/revenue flow, with appropriate accountability, resourcing, and effective delegation across the organization.
- Partnerships BC is committed to a workplace that promotes employee engagement by promoting strong teamwork and open communication amongst all staff members, and providing learning opportunities.

Performance Measures 8-10: Maintaining a responsive and resilient organization

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
8. Self sufficiency	Achieved net income target	Achieve net income target	Achieve net income target	Achieve net income target
9. Employee satisfaction	Employee satisfaction survey scheduled for fall 2017. Achieved 78% employee satisfaction for 2015/16.	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey
10. Voluntary employee turnover	Not met. Voluntary employee turnover of 15.6% was greater than industry average of 6% to 8%.	Lower than industry average	Lower than industry average	Lower than industry average

Discussion

Partnerships BC is required by its Shareholder to be financially self-sufficient, a condition met by achieving a positive net income target on an annual basis.

The employee satisfaction survey and employee retention are instrumental in ensuring the continuity of project success.

Employee satisfaction will be measured through surveys, with a target of 80 per cent satisfaction. Partnerships BC conducts the employee survey through anonymous feedback and a third party service provider.

Voluntary employee turnover has historically been lower than industry average. The data for the industry average are obtained from organizations such as the Human Resources Management Association and the Conference Board of Canada. Partnerships BC measures itself against the industry average and sets a target lower than this on an annual basis.

Financial Plan

Summary Financial Outlook

Statement of Operations for the years ended March 31, 2017 to 2020

Partnerships British Columbia Inc. Fiscal 2016/17 Actual and 2017/18 to 2019/20 Budget (in millions of dollars except FTEs)				
	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
REVENUE				
Fees for Service	\$ 7.42	\$ 7.39	\$ 7.61	\$ 7.84
Other Revenue	0.15	0.14	0.14	0.14
Project Recoveries	2.92	2.00	2.06	2.61
TOTAL REVENUE	10.49	9.53	9.81	10.59
EXPENDITURES				
Human Resource Costs	4.95	5.43	5.59	5.76
Professional Services	0.18	0.26	0.27	0.28
Administration	1.28	1.35	1.30	1.34
Corporate Relations	0.02	0.05	0.05	0.05
Amortization	0.07	0.10	0.10	0.10
TOTAL EXPENDITURES	6.50	7.19	7.31	7.53
Project Recoverable Expenses	2.92	2.00	2.06	2.61
OPERATING SURPLUS	\$ 1.07	\$ 0.34	\$ 0.44	\$ 0.45
Full Time Equivalents (FTEs)	30.0	32.8	32.8	32.8
Capital Expenditures	\$ 0.06	\$ 0.24	\$ 0.04	\$ 0.06
Long Term Debt	\$ -	\$ -	\$ -	\$ -
Accumulated Surplus	\$ 17.12	\$ 17.46	\$ 17.90	\$ 18.35

Key Assumptions

The budgeted financial information for fiscal years 2017/18 to 2019/20 was prepared based on the following assumptions and direction from the Shareholder:

1. Full Time Equivalents (FTEs) information is as at fiscal year end, and is subject to change if there are revenue changes to current and likely engagements. This staffing complement will allow Partnerships BC to maintain its core competencies and will also provide the Government of B.C. with sufficient expertise to focus on its current and future capital projects.
2. There is no increase to Partnerships BC's charge out rates to provincial clients in fiscal years 2017/18 to 2019/20.
3. Operating expenses for fiscal years 2017/18 to 2019/20 are developed on the basis of a zero based budgeting exercise.
4. Capital expenditures are predominantly for network and employee computer hardware requirements. Computer software licenses are renewed annually and are disclosed under administration costs.
5. The 2017/18 budget was developed based on actual financial results for the first quarter (April to June 2017) and budgets for the following three quarters.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

[Partnerships BC Board of Directors](#)

[Senior Management Team](#)

Organizational Overview

[Partnerships BC Governance Principles](#)

[Organizational Overview](#)