

April 13, 2017

Ms. Christine Zacharuk
Interim President and CEO of PSEC Secretariat
2nd Floor, 880 Douglas Street
Victoria B.C.
V8W 2B7

Dear Ms. Zacharuk:

**Re: Public Sector 2016-17 Executive Compensation Disclosure for Partnerships
British Columbia Inc.**

On behalf of the Partnerships British Columbia Inc. Board of Directors, I confirm the following with respect to executive compensation paid in the 2016-17 fiscal year:

1. The Board is aware of the executive compensation paid in the 2016-17 fiscal year.
2. The compensation information being disclosed is accurate and includes all compensation paid by the employer.
3. The compensation provided was within approved compensation plans and complies with the "Partnerships BC Compensation Philosophy and Guidelines" dated September 2016.

Yours truly,



Dana Hayden
Chair
Partnerships British Columbia Inc.
Board of Directors

Attachments

Partnerships BC Compensation Philosophy and Guidelines

September 2016

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1 ABOUT PARTNERSHIPS BC

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.

Vision

To be a recognized leader in evaluating, structuring and implementing delivery solutions for complex public infrastructure projects while delivering consistent 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 measurable benefits for taxpayers.

Further information about Partnerships BC, including copies of its Service Plans and Annual Reports containing detail about the organization's performance goals and measurements, is available at www.partnershipsbc.ca.

2 COMPENSATION PHILOSOPHY

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

The organization is committed to a total compensation perspective that views compensation as including both cash and non-cash compensation.

3 EXECUTIVE COMPENSATION

As per current Provincial mandate, executive compensation is disclosed annually. The report is available at www.partnershipsbc.ca.

4 CORE PRINCIPLES

Partnerships BC’s compensation philosophy and plan is aligned to a common compensation philosophy with the BC Public Sector and embodies the following four core principles:

Performance	Our compensation program supports and promotes a performance-based organizational culture.
Differentiation	Differentiation of salary is supported where there are differences in the scope of the position within the organization, and/or due to superior individual team contributions.
Accountability	Compensation decisions are objective, and based on a clear and well-documented business rationale that demonstrates the appropriate expenditure of public funds.
Transparency	Our compensation program is designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public, while protecting individual personal information.

5 BENCHMARKING

Partnerships BC recognizes that a key component of an effective compensation philosophy is benchmarking to 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.

5.1 BENCHMARKING METHODOLOGY

Partnerships BC will conduct external compensation reviews at the discretion of the Partnerships BC Board of Directors. Such external reviews will include analysis of total compensation (cash and non-cash) paid by appropriate comparison organizations to positions comparable to those at Partnerships BC. Notwithstanding possible changes to Partnerships BC’s business model, any external market reviews should attempt to replicate a consistent comparator sample of organizations.

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. This composite allows Partnerships BC’s compensation structure to reflect the unique knowledge and experience sought through the recruiting process, and to manage the retention challenges inherent in an organization utilizing high demand, specialized talent.

Through a combination of direct survey (conducted by a third-party service provider) and information obtained through the Public Sector Employers' Council, data is analyzed from the following sources:

“Public Sector” includes relevant comparators within BC (e.g., Crown Corporations, health sector, post-secondary education sector).

“Private Sector” includes relevant comparators within BC and across Canada (primarily construction and professional services organizations)

For positions of a corporate service nature, where skills are more readily available and easily transferable to other organizations, the BC Public Service will be utilized as the primary benchmarking comparator.

6 CASH AND NON-CASH COMPENSATION

Total compensation includes both cash, and non-cash, compensation.

6.1 CASH COMPENSATION

Cash compensation comprises base annual salary which is targeted to be at the 50th percentile of the composite market (the mid-point), with a range minimum of 20% below mid-point, and a range maximum of 20% above the mid-point.

As an example, the range for a targeted base salary of \$100,000 (the mid-point) would be a minimum of \$80,000 and a maximum of \$120,000.

6.1.1 Salary Ranges

Salary ranges have been established for the following employee groups:

- **Executive** – (management) President and CEO, and Vice-Presidents.
- **Assistant Vice-Presidents** – (management) both project-focused* and corporate roles.
- **Project Directors** – (management) both project-focused* and corporate roles.
- **Associates** – (professional) both project-focused* and corporate roles.
- **Finance and Administration** – clerical staff.

* Consistent with benchmarking analysis, project-focused roles are differentiated from corporate roles through an expanded range to accommodate the distinct skillset required to be successful in these roles, and to alleviate retention challenges.

Please see Appendix A for a table containing the current salary ranges for all positions within the organization.

6.2 NON-CASH COMPENSATION

Non-cash compensation includes the following statutory and non-statutory benefits:

Statutory Holidays Vacation Maternity, Parental and Pre-Adoption Leave Allowances Group Life Insurance Discretionary car and parking allowances ¹	Short-Term Illness and Injury Long-Term Disability Medical Services Plan Extended Health and Dental Employee and Family Assistance Health Spending Account	Canada Pension Employment Insurance Workers' Compensation Employer Pension
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7 COMPENSATION REVIEWS

On an annual basis, Partnerships BC conducts an internal compensation review in conjunction with its assessment of employee performance. This review determines individual employee movement within the approved salary ranges (see Section 8).

8 BASE SALARY MANAGEMENT

Every Partnerships BC position is assigned a salary range based on the composite market mid-point. The market mid-point should be equal to the salary typically paid in the composite market to competent performers in a comparable position.

Generally speaking, new employees developing in the position would be paid between the minimum and the mid-point. Staff will progress through the salary ranges as they develop skills and competence, and are promoted.

Placement and movement within the salary range is based on an employee's performance and competence level in the role. The following illustrations show how progression through a salary range reflects performance and/or competency growth:

¹ Assistant vice-president level and above.

Figure 1: Performance-Based

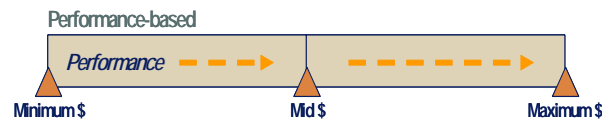


Figure 2: Competency-Based



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.

Partnerships BC is a small organization and is limited in the number of developmental employees it can utilize at any given point in time. New employees may be recruited at a level of higher competence based on their skills and experience, and placed in the mid- to high-point in the salary range relative to that degree of competence.

8.1 COMPETENCE RATINGS FOR SALARY MOVEMENTS

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

- Developmental
- Fully Competent
- Exceptional

8.2 DETERMINING SALARY INCREASES

An employee's competence rating and current placement within the existing salary range are used in determining annual salary increases. The application of employee competence and position in the salary range to determine salary increases is illustrated in the table below.

Table 1: Salary Increase Grid - Guidelines

Employee's Competence Rating	Employee's Present Salary within Current Salary Range		
	At Range Minimum	At Mid-Point	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 Corporate Management team.*

An employee's performance is assessed each year and changes in salary are determined accordingly. In a year in which an employee does not substantially achieve his or her performance plan goals, the company may not increase the employee's salary, or may increase the employee's salary by less than the salary increase grid.

An employee may not remain at the same position (i.e. mid-point) within the respective salary range should the range be amended.

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

APPENDIX A – SALARY RANGES

Positions	Salary Ranges – effective April 1, 2014		
	Minimum	Median	Maximum
President and CEO	\$250,000	\$299,000	\$350,000
Vice-Presidents	\$171,600	\$209,400	\$247,200
AVP, Projects	\$138,000	\$172,500	\$207,000
AVP, Corporate¹	\$126,500	\$155,250	\$184,000
Director, Projects	\$99,000	\$126,500	\$154,000
Director, Corporate²	\$99,000	\$121,000	\$143,000
Senior Associate, Projects	\$69,000	\$95,000	\$121,000
Senior Associate, Corporate³	\$69,000	\$90,750	\$112,500
Junior Associate, Corporate	\$49,500	\$82,500	\$99,000
Finance and Administration⁴	\$42,000	\$49,875	\$57,750

¹Includes the following position: Assistant Vice-President, Legal

²Includes the following position: Director of Corporate Relations

³Includes the following position: Financial Accounting Manager

⁴Includes the following positions: Intermediate Accountant, Executive Assistant, Contract Administrator

Partnerships BC

Summary Compensation Table at 2017

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2016/2017 Total Compensation	Previous Two Years Totals Total Compensation	
							2015/2016	2014/2015
Amanda J Farrell, President and CEO	\$ 233,463	-	\$ 9,313	\$ 24,658	\$ 13,267	\$ 280,701	\$ 276,186	\$ 305,528
Michael R Houle, Vice-President, Market and Business Development	\$ 210,195	-	\$ 9,347	\$ 22,137	\$ 9,642	\$ 251,321	\$ 248,221	\$ 255,482
Chan-Seng Lee, VP Finance and Administration	\$ 192,284	\$ 16,900	\$ 9,767	\$ 20,096	\$ 10,209	\$ 249,256	\$ 223,072	\$ 247,215
Mark W Liedemann, Vice-President, Projects	\$ 210,195	-	\$ 9,346	\$ 22,137	\$ 10,062	\$ 251,740	\$ 249,078	\$ 258,226

Summary Other Compensation Table at 2017

Name And Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
Amanda J Farrell, President and CEO	\$ 13,267	-	-	-	\$ 10,000	\$ 3,267	-
Michael R Houle, Vice-President, Market and Business Development	\$ 9,642	-	-	-	\$ 6,942	\$ 2,700	-
Chan-Seng Lee, VP Finance and Administration	\$ 10,209	-	-	-	\$ 6,942	\$ 3,267	-
Mark W Liedemann, Vice-President, Projects	\$ 10,062	-	-	-	\$ 6,942	\$ 3,120	-

Notes

Amanda J Farrell, President and CEO	General Note: Partnerships BC has four executives Perquisite/Other Allowance Note: Parking allowance
Michael R Houle, Vice-President, Market and Business Development	Perquisite/Other Allowance Note: Parking allowance
Chan-Seng Lee, VP Finance and Administration	General Note: The holdback amount was for the 2015-16 fiscal year. The holdback structure is no longer in effect as of April 1/16. Perquisite/Other Allowance Note: Parking Allowance
Mark W Liedemann, Vice-President, Projects	Perquisite/Other Allowance Note: Parking allowance