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## INFORMATION BULLETIN

For Immediate Release  
2014FIN0060-001901  
December 16, 2014

Ministry of Finance

### **Crown review finds Partnerships BC fulfilling its mandate**

VICTORIA – A government review of Partnerships BC concludes that the organization’s mandate is clear and being fulfilled, and makes recommendation to further strengthen the provincial Crown corporation.

The review found Partnerships BC has designed a robust process to help assess value for money of public private partnership (P3) capital projects, and that compensation and operating expenses appear reasonable and generally consistent with government direction.

The Crown review report provides recommendations to government to further strengthen the provincial Crown and government’s management of P3 capital projects, including a review of the screening threshold for capital projects.

An executive steering committee comprised of government and industry representatives also reviewed Partnerships BC’s service delivery model and made several recommendations on implementing the Crown review recommendations. As a result of the steering committee’s recommendations, the capital standard threshold for P3 projects will be increased from the current \$50 million to \$100 million. This recognizes the significant resources required to participate in the P3 procurement process.

The B.C. government has accepted and will be implementing all recommendations from both the Crown review and the steering committee review.

Partnerships BC will continue to provide:

- Business case development and procurement management services for provincially funded P3 projects.
- Expertise in capital project governance for provincially funded major infrastructure projects.
- Expertise, knowledge, tools and advice to government and public sector entities in regard to planning and procurement of major capital projects.

Since 2002, Partnerships BC has participated in more than 40 projects in British Columbia and other jurisdictions with an investment value of more than \$17 billion, of which approximately \$7 billion is private sector capital. Every project to date has been delivered on time and on budget, created thousands of jobs and generated significant investment opportunities.

Government undertook the Crown review of Partnerships BC to evaluate its effectiveness in facilitating and delivering partnership capital solutions in B.C. The review evaluated Partnerships BC’s governance, mandate, roles and service delivery model, performance, contracting practices, operating costs and the overall process for determining partnership

capital solutions. As first announced in 2011, government is reviewing all Crown corporations.

**Learn More:**

Partnerships BC Crown Review Report: [http://www.fin.gov.bc.ca/ocg/ias/pdf\\_docs/Review%20of%20PBC.pdf](http://www.fin.gov.bc.ca/ocg/ias/pdf_docs/Review%20of%20PBC.pdf)

Steering Committee Recommendations Letter: [http://www.fin.gov.bc.ca/ocg/ias/pdf\\_docs/PBC%20Steering%20Committee%20Recommendations.pdf](http://www.fin.gov.bc.ca/ocg/ias/pdf_docs/PBC%20Steering%20Committee%20Recommendations.pdf)

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# BACKGROUND 1

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## **Partnerships BC Crown review and steering committee recommendations**

### **Partnerships BC Crown review recommendations**

1. The Government of British Columbia should consider evaluating the screening threshold for capital projects.
2. The Government of British Columbia should determine the most appropriate delivery model for each of the services that Partnerships BC provides.
3. Project owners and Partnerships BC should ensure that the most likely alternative is selected as the benchmark when assessing value for money.
4. Project owners and Partnerships BC should strengthen decision-making by ensuring that complete information is provided to Treasury Board.
5. The Government of British Columbia should consider setting a minimum value for money threshold at the business case and procurement phases.
6. Partnerships BC should increase transparency by ensuring that project owners fully understand the financial model and its assumptions.
7. The Government of British Columbia should consider reinforcing to project owners that they are accountable for their projects.
8. Project owners and Partnerships BC should strengthen decision-making by ensuring that the appropriate government agencies are formally involved.
9. The Government of British Columbia should consider reinforcing the conflict of interest guidelines for board members of Crown corporations and government agencies and ensure that those guidelines are appropriately followed.
10. Partnerships BC should ensure contractor files have adequate documents.

### **Summary of Partnerships BC steering committee recommendations**

1. To ensure determination of work directed to Partnerships BC remains unbiased, initial screening for P3 viability should be conducted by the Ministry of Finance.
2. In recognition of the significant resources required to participate in the P3 procurement process, the threshold for P3 projects should be increased from \$50 million to \$100 million.
3. Given the complexity of P3 procurement and Partnerships BC's significant experience and expertise in this area, it is recommended that Partnerships BC continue to provide business case development and procurement management for P3s.
4. For all new capital projects procured through methods other than P3s such as design-bid-build and design-build projects, it is recommended that BC government entities use the optimal method of resourcing.
5. It is recommended that independent verification of key factors in P3 business case and comparator modelling by the Ministry of Finance be reinforced with project owners and

Partnerships BC.

6. Partnerships BC should continue to provide expertise in capital project governance for all major infrastructure projects.
7. Partnerships BC should continue to serve as a centre of expertise, knowledge, tools and advice to the B.C. government and public sector entities in regard to infrastructure procurement and capital project management.
8. The B.C. government should restrict the use of bundling (based on considerations of geographic proximity, time, value for money, and the capacity of local industry to respond) and provide clear guidance on what is considered acceptable bundling.
9. For all of the services provided outside of the B.C. government, the project must deliver a positive net return to Partnerships BC and not impede their ability to provide core services to the BC government. Recommendations regarding Partnerships BC's work outside the BC government include:
  - For local government and associated entities within B.C., allow Partnerships BC to provide services only through direct invitation for projects exceeding \$50 million.
  - For the federal government and other Canadian jurisdictions allow Partnerships BC to submit proposals and enter into agreements for all services.
  - For jurisdictions outside of Canada, allow Partnerships BC to respond to direct invitations and submit proposals provided they have minister of finance approval.
  - Partnerships BC should be encouraged to work with B.C. industry and partner where there is capacity and opportunity to work together and promote B.C. industry when working with other jurisdictions.

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