

**Public Sector Executive Compensation Reporting Guidelines
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation
2008/09**

COMPENSATION DISCUSSION AND ANALYSIS

Provincial Health Services Authority (PHSA) is a member employer of the Health Employers Association of BC and is governed by the HEABC Compensation Reference Plan. The Plan has been developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the member employers of HEABC for non-union, management and executive roles within healthcare.

Compensation Principles

PHSA's compensation principles are consistent with the compensation principles contained in the Compensation Reference Plan Guidelines. The principles are:

- Jobs not covered by collective agreements will be compensated in a fair and equitable manner.
- Levels of compensation will be valid and defensible to full disclosure, thus ensuring accountability to the public. Levels shall reflect those in an appropriate composite market.
- Compensation policies and practices include the total compensation for services through both traditional employer compensation policies and special employment contract relationships.
- To ensure equity, appropriate systems will measure and recognize the composite value of the skill, effort, responsibility and working conditions involved in performing the duties of jobs across the health care sector.

Compensation Policy Objectives

PHSA's Compensation Policy Objectives are consistent with the compensation policy objectives contained in the Compensation Reference Plan Guidelines. The objectives are:

- Health care's non-contract compensation plan would address the expectations of trustees, employers, employees and the Government.
- A defensible compensation system responds to broad equity issues. The compensation system recognizes the responsibility of the health care sector to establish compensation levels that acknowledge fairness and the public's ability to pay.
- Compensation levels must be at a level so that health care employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that health care compensation practices cannot lead the market. This ensures that taxpayers

receive the maximum benefits from qualified individuals occupying jobs within the health care sector.

- Compensation levels must be competitive to control unnecessary levels of turnover.
- Compensation levels will be based on an analysis of internal and external compensation levels. The comparison would consider the type and range of organizations from which health care sector employers must recruit and retain highly qualified individuals.
- Internal equity requires that compensation be relative to the worth of jobs as measured by the composite value of skill, effort, responsibility and working conditions. External equity requires that compensation be relative to an acceptable composite market.
- Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- Compensation policies and programmes must be designed to be efficiently administered. The salary ranges will group jobs of similar value, and common impact and magnitude.

Compensation Survey

The compensation reference plan shall be reflective of a representative market that shall be composed of an appropriate mix of employers from which health care must attract and retain qualified individuals.

HEABC is responsible to conduct an annual cash compensation survey to ensure appropriate internal and external equity are maintained.

Job market matches shall be appropriate to the type of position: local for administrative support positions; and provincial or national for managerial positions.

The comparison of compensation shall be to relevant external labour markets.

The external markets shall reflect the types of organizations from which health care employers must attract and retain individuals. This will include both the public and private sector. Compensation information will be collected on the basis of job content, not job title.

HEABC will conduct a total compensation survey on a minimum of a three year, or as needed cycle. Included in the survey will be: salaries, other cash and incentives; perquisites; holidays; vacations and other paid time off work; group benefits; retirement or savings benefits; and standard hours of work.

Compensation Reference Ranges

HEABC is responsible to provide healthcare employers with salary reference ranges. The reference salary ranges will be based on the 50th percentile of the blended health care and external market pay policy lines. The salary reference ranges will include provisions for an adequate range and spread of salary rates to reflect developmental, job standard, and above standard rates.

Employers are responsible to establish salary ranges that conform to the reference salary ranges. Employers' salary ranges will be deemed to conform to the compensation reference ranges if the organization's overall comparison ratio is within 0.90 and 1.10 of the appropriate market reference rates.

The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate market reference rates. Employers are responsible to administer salaries within the reference salary ranges.

Circumstances may require employers to establish job rates that exceed the recommended market reference rates. These circumstances typically are the result of supply and demand factors, or unusual or emergent conditions within the organization. Employers, in consultation with HEABC, may establish job rates that exceed the recommended reference rates. The organization's overall comparison ratio should not exceed the recommended target.

Circumstances may require employers to extend geographic cost of living considerations in determining the final salaries of executive and non-contract employees. Employers may include a geographic cost of living component provided the organization's overall comparison ratio does not exceed the recommended range.

Circumstances may require employers to address compression or inversion issues between non-contract staff and directly supervised bargaining unit employees. A premium differential of up to 15% may be established where there is a functional supervisory role, with responsibility and accountability for outcomes. This premium differential does not form part of the comparison ratio calculation.

Organization Information Plan

The Organization Information Plan provides a means of grouping organizations with similar characteristics for the purpose of comparing pay practice of these groupings to a relevant external market.

HEABC is responsible to provide healthcare employers with a copy of the Organizational Information Questionnaire (OIQ), instructions on how its used, and consulting assistance in order to complete and accurately collect the required information.

The health care employer is responsible to complete the questionnaire.

The health care employers' Board is responsible to approve the completed OIQ and return the questionnaire to HEABC.

HEABC is responsible to review all completed questionnaires for consistency in application and inform the health care employer of the final assessment.

The Organizational Information Questionnaire collects factual information on health care organizations.

Role Assessment Plan

The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs/roles within an organization, as well as a comparison of jobs/roles across the healthcare sector. The hierarchy of jobs/roles is determined by assessing the skill, effort, responsibility, and working conditions inherent in all jobs/roles in healthcare.

HEABC is responsible to provide health care employers with copies of the Role Assessment Plan, the Questionnaire, and consulting advice on the application of the system. HEABC is responsible to educate health care employers on the use of the plan and provide consulting advice and assistance as required.

Health care employers are responsible to ensure that non-contract employees complete the questionnaire and have their respective managers approve the questionnaires to ensure the information accurately reflects job content and requirements. The head of the health care employer, or designate, completes a final approval of the questionnaires.

HEABC is responsible to work with health care employers to ensure the consistent application of the plan through periodic reviews. HEABC is responsible to work with the health care employers to resolve any disputes on the application of the plan.

Application of the Compensation Reference Plan

For each NEO that is governed by the Compensation Reference Plan (CRP) and reported in the Summary Compensation Table of this disclosure, PHSA has applied the CRP, working with HEABC as necessary. The base salary and total compensation provided to each of the NEOs governed by the CRP is consistent with the principles and policy objectives stated above, as mandated by the Public Sector Employers Council in accordance with the Public Sector Employers Act.

PHSA salary ranges conform to the reference salary ranges provided by HEABC. PHSA has established job rates (Competitive Market Rates) for individual jobs or job classifications consistent with the mandated 50th percentile and based on independent salary survey results of the relevant labour market.

Newly hired employees are placed on the appropriate salary range based on the new hire's work experience, skills, and competencies for placement within the salary range established for the job, not to exceed the Competitive Market Rate for the job.

Performance reviews are conducted annually (April each year) using a comprehensive Employee Performance and Development Plan (EPDP) tool. Salary range progression is only permitted for executive staff that have achieved satisfactory or above satisfactory performance in the preceding performance period. The amount of adjustments varies based on the

employee's performance evaluation score and the competitive market rate established for the job.

Benefits

PHSA executive benefit package is comparable to other health sector employers in British Columbia which include the following key elements:

Medical Services Plan

The PHSA covers the premium costs for participation of the employee and their dependent(s) in the British Columbia Medical Services Plan.

Extended Health Benefits Plan

The Plan provides employees and their dependent(s) with supplementary health services and other approved paramedical services etc. Premium costs are fully paid by the PHSA.

The BCCA Medical/Dental benefit program requires a \$25.00 deductible to be paid by the employee.

Dental Plan

PHSA pays the full cost of a Dental Plan that provides to the employee and their dependent(s) 100% reimbursement for Basic Services, Prostheses, Crowns, Bridges, and Orthodontics (Maximum \$3,000).

The BCCA Medical/Dental benefit program that provides a Dental Plan that provides to the employee and their dependent(s) 100% reimbursement for Basic Services and 80% reimbursement for Prostheses, Crowns, Bridges, and Orthodontics (Maximum \$3,000). The PHSA pays the full premium costs.

Group Life Insurance

This plan provides a non-evidenced benefit of five (5) times annual salary to a maximum of \$1,000,000 to the beneficiary or estate of a deceased employee. The PHSA pays the full cost of premiums.

The BCCA Medical/Dental benefit program provides a non-evidenced benefit of four (4) times annual salary to a maximum of \$400,000 to the beneficiary or estate of a deceased employee. The PHSA pays the full premium costs.

Dependent Group Life Insurance

This plan provides for \$10,000 spousal insurance and \$5,000 insurance for each dependent child. The PHSA pays the full cost of premiums.

Accidental Death and Dismemberment

This plan provides up to five (5) times annual salary to a maximum coverage of \$1,000,000 in the event of accidental death or dismemberment. The PHSA pays the full premium costs.

The BCCA Medical/Dental benefit program provides up to four (4) times annual salary to a maximum of \$400,000 in the event of accidental death or dismemberment. The PHSA pays the full premium costs.

Long Term Disability Insurance

This plan provides continuing income in the event of total disability. The taxable benefit is 77% of pre-disability gross salary to a maximum monthly benefit of \$10,000. The PHSA pays the full premium costs.

The BCCA Medical/Dental benefit program provides continuing income in the event of total disability. The taxable benefit is 85% of pre-disability gross salary to a maximum monthly benefit of \$7,000.

Income Protection Program

While incapacitated for non-occupational illness or injury, employees will have their regular salary and benefits continued for the 120-day waiting period for Long Term Disability.

Pension Plan

Eligible NEOs participate in the Municipal Pension Plan.

Perquisites

The CEO is provided a car allowance. Parking is paid for by PHSA for the CEO and executive staff located at PHSA's corporate office. The cost of monthly parking is \$145.00

Annual Leave

Executives are eligible for annual vacation entitlements as follows:

- For the first year of employment annual vacation shall not exceed thirty (30) days.
- For each additional year of employment, one (1) additional day, up to a maximum of thirty-five (35) days.

Vacation credits are not cumulative from calendar year to calendar year and must be taken. Annual leaves are included in the base salary component of the Summary Compensation Table.

June 23, 2009

SUMMARY COMPENSATION TABLE

Name and Principle Position	Base Actual Salary	Bonus	Incentive Plan Comp Paid	Pension	All Other Comp	TOTAL	Previous Two Years Totals
Lynda Cranston <i>President and Chief Executive Officer</i>	\$357,391 ⁽¹⁾	Nil	Nil	\$57,883 ⁽²⁾	\$31,771 ⁽³⁾	\$447,045	2007/08 = \$416,413 2006/07 = n/r
Diponkar Banerjee <i>Executive Medical Director PHSA Laboratories</i>	\$284,327	Nil	Nil	\$27,682	\$73,922 ⁽⁴⁾	\$385,931	2007/08 = \$383,246 2006/07 = n/r
Simon Sutcliffe ⁽⁵⁾ <i>President, BC Cancer Agency</i>	\$241,235	Nil	Nil	\$24,183	\$89,841 ⁽⁶⁾	\$355,258	2007/08 = \$352,254 2006/07 = n/r
Robert Brunham <i>Provincial Executive Director - BC Centre for Disease Control</i>	\$310,597	Nil	Nil	Nil	\$36,881 ⁽⁷⁾	\$347,478	2007/08 = \$334,242 2006/07 = n/r
Larry Gold ⁽⁸⁾ <i>President, BC Children's Hospital and Sunny Hill Health Centre for Children</i>	\$223,354 ⁽⁹⁾	Nil	Nil	\$13,045	\$67,195 ⁽¹⁰⁾	\$303,599	2007/08 = n/a 2006/07 = n/r

(1) Annualized base of \$351,007 – difference of \$6,384 due to retroactive pay for prior period.

(2) Employer pays employer's contribution plus 100% of employee contribution to MPP.

(3) Includes vacation pay out of \$10,350.

(4) Includes Administrative Stipend of \$66,000

(5) On sabbatical as of December 31, 2008, ceased employment April 1, 2009.

(6) Includes Administrative Stipend of \$35,550 and MSP funded Stipend of \$38,427

(7) Individual not covered by the PHSA Executive Benefit Plan or the BCCA Medical/Dental Benefit Program; \$36,881 invoiced by UBC for benefits.

(8) Commenced employment on April 14, 2008.

(9) Annualized base salary - \$238,000

(10) Includes relocation allowance of \$53,000