

May 18, 2010

Mr. Paul Straszak
President and CEO
Public Sector Employers' Council Secretariat
2nd Floor, 880 Douglas Street
P.O. Box 9400, Stn Prov Govt
Victoria, B.C.
V8W 9V1

Dear Mr. Straszak:

RE: *Public Sector Employers Act – Section 14.8(3)*
Public Sector Executive Compensation Reporting Form

Please accept this letter as Northern Health's Statement of Executive Compensation for the fiscal year 2009/2010. This report is provided in compliance with the Section 14.8(3) of the Public Sector Employers Act and in the form and manner as established by the Public Sector Employer's Council (PSEC) per the Public Sector Executive Compensation Reporting Guidelines.

The report that follows is in two parts. Part One is the Summary Compensation Table for Northern Health. Part Two is a narrative discussion of our compensation principles, policies and practices.

If you have any questions or require clarification, please contact Jane Lindstrom, VP Human Resources at 250-565-2116.

Sincerely,



Dr. Charles Jago
Northern Health Board Chair

cc: C. Ulrich—President and CEO, Northern Health
Jane Lindstrom—VP Human Resources, Northern Health
S. Terlson—VP Corporate Services and CFO, Northern Health

**Northern Health Authority
Statement of Executive Compensation
2009/2010**

PART ONE

Summary Compensation Table at March 31, 2010								
<i>Name and Principle Position (a)</i>	<i>Base Actual Salary (b)</i>	<i>Bonus⁽²⁾ (c)</i>	<i>Incentive Plan⁽³⁾ Comp Paid (d)</i>	<i>Pension⁽⁴⁾ (e)</i>	<i>All Other Comp⁽⁵⁾ (f)</i>	<i>Total Comp For Fiscal 09/10 (g)</i>	<i>Previous 2 Years Total Comp (h)</i>	
Catherine Ulrich President & Chief Executive Officer	\$300,000	0	0	\$31,208	\$13,184 ⁽⁶⁾	\$344,392	2008/09	\$302,904
							2007/08	\$279,578
Dr. David Butcher VP Medicine	\$272,487	0	0	\$22,705	\$18,103 ⁽⁷⁾	\$313,295	2008/09	\$301,263
							2007/08	\$286,779
Dr. Ronald Chapman Regional Director, Northern Cancer Strategy	\$213,210	0	0	\$17,769	\$14,023 ⁽⁸⁾	\$245,002	2008/09	\$235,477
							2007/08	\$253,850
Michael McMillan Chief Operating Officer, Northern Interior Health Services	\$206,685	0	0	\$16,758	\$11,850	\$235,293	2008/09	Not reported
							2007/08	Not reported
Shawn Terlson VP Corporate Services & CFO	\$145,375 ⁽¹⁾	0	0	\$11,058	\$13,146 ⁽⁹⁾	\$169,579	2008/09	Not reported
							2007/08	Not reported

(1) Position vacant since February 28, 2009. Mr. Terlson assumed role August 4, 2009. Annualized base salary - \$206,700.
(2) Northern Health Authority has no bonus payment plan.
(3) Northern Health Authority has no re-earnable incentive payment plan.
(4) Pension plan is the Municipal Pension Plan for all staff except Catherine Ulrich who is covered under the Public Sector Pension Plan. No other retirement schemes in place. Only employer contribution to MPP and PSPP is reported.
(5) Except where noted, includes only Employer contributions/payments/premiums provided to all staff for EI, CPP, WCB, Extended Health, Dental, MSP, Group Life, AD&D, LTD.
(6) Includes professional membership dues and vacation carry over payout.
(7) Includes professional membership dues.
(8) Includes professional membership dues.
(9) Includes professional membership dues.

Part II—Compensation Discussion and Analysis

Northern Health is a member of the Health Employers Association of BC (HEABC) and is governed by the HEABC Compensation Reference Plan, the guidelines for which are attached. This Plan has been developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the employer members of HEABC for non-union, management and executive roles within healthcare.

Compensation Philosophy

Northern Health is committed to ensuring that their excluded staff are compensated in a fair and equitable manner. Employees who are doing substantially the same type of work or are in the same job should receive very similar pay, except when the difference is based on an individual's education and/or experience and job performance.

Compensation Policies and Practices

- HEABC's Non-Contract Role Assessment Plan is the tool used to evaluate all excluded positions within Northern Health, with the exception of the CEO. The Ministry of Health has established a maximum total compensation level for the CEO, which serves as the compensation ceiling for all other senior employees within Northern Health.
- The results of an evaluation determine the appropriate salary range for a position. Evaluations are based on information provided in a Role Description. HEABC is responsible for ensuring that evaluations are supportable by both internal and external equity.
- Each salary range has a minimum, midpoint and maximum, established by HEABC and approved by PSEC. The midpoint is defined as the market value of the job and is based on the 50th percentile of the targeted market. HEABC periodically conducts market surveys to ensure health care salaries remain competitive.
- Placement on the salary range is based on a number of factors including experience, skills, competencies, current placement of incumbents in comparable roles, and current labour market conditions.
- Annual progression through the salary range up to the established maximum of the range is based on the completion of a satisfactory performance review and the organization's ability to pay. Employees normally progress through the range based on individual performance, as measured through Northern Health's Performance Management and Development Plan. Performance and development are assessed between the employee and their manager mid-year and at fiscal year end. Northern Health's Board assesses the performance of our CEO.

Benefits

Northern Health's benefit package includes MSP, Long Term Disability, Sick Leave Accumulation, Life Insurance, Accidental Death & Dismemberment, Extended Health, Dental, and enrolment in the Municipal or Public Sector Pension Plan. Northern Health's executive benefit provisions are the same as those provided to all its employees with three exceptions: 1) there is no annual deductible for extended health and 2) the gross monthly benefit for LTD is increased annually based on the Consumer Price Index to a maximum of 5% annually, and 3) the monthly LTD benefit for the President & CEO is \$15,000 rather than \$10,000. Our benefit package is comparable with other health sector employers in B.C.

Annual Leave

Executives are eligible for six weeks annual vacation, with an additional day per year to a maximum of seven weeks.

Perquisites

Northern Health's executive perquisites consist of the annual cost of up to two memberships in a professional health related organization to be in the best interest of both parties.