

May 16, 2013

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Dear Ms. Draper:

**Re: Public Sector Employers Act – Section 14.8(3)
Public Sector Executive Compensation Reporting Form 2012/13**

Please find attached the Vancouver Island Health Authority's (VIHA) Statement of Executive Compensation for the fiscal year 2012/13. This report is provided in compliance with Section 14.8(3) of the *Public Sector Employers Act* and in the form and manner established by the Public Sector Employers' Council (PSEC) per the Public Sector Executive Compensation Reporting Guidelines.

The report that follows is in two parts. Part one is a narrative discussion of VIHA's compensation philosophy, policies and practices. Part two is the Summary Compensation Table for VIHA.

As the Board Chair for VIHA, I am fully aware of VIHA's Executive compensation practices and related performance measures.

If you have any questions or require clarification, please contact Ms. Carol Fuller, Director, HR Integrated Teams at 250-370-8464.

Sincerely,



Don Hubbard
Board Chair, VIHA

/Attachments

Executive Office

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Our Vision: Healthy People, Healthy Island Communities, Seamless Services

COMPENSATION DISCUSSION AND ANALYSIS
Reporting Requirements – *Public Sector Employers Act*

Vancouver Island Health Authority
May 16, 2013

Compensation Discussion and Analysis

The Vancouver Island Health Authority (VIHA) is a member employer of the Health Employers Association of British Columbia (HEABC) and is governed by the HEABC Compensation Reference Plan. 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.

VIHA believes in providing employees with a challenging workplace, support for their development and rewards for their contribution. In return, VIHA expects employees to accept accountability and to develop, and effectively apply, the skills needed to meet organizational objectives.

VIHA provides and maintains a total compensation program compatible with, and supportive of the overall organizational philosophy. This total compensation program or total rewards strategy includes a number of components:

- Base salary progression linked to performance;
- Insured benefit programs, pensions, and other perquisites;
- Learning and development; and
- Acknowledgement and recognition.

Compensation Principles of the Compensation Reference Plan

- 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 healthcare sector.

Compensation Policy Objectives

Consistent with the above principles, healthcare's non-contract compensation program has the following policy objectives:

- a. Healthcare's non-contract compensation plan would address the expectations of trustees, employers, employees and the Government.

- b. A defensible compensation system responds to broad equity issues. The compensation system recognizes the responsibility of the healthcare sector to establish compensation levels that acknowledge fairness and the public's ability to pay.
- c. Compensation levels must be at a level so that healthcare employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that healthcare compensation practices cannot lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the healthcare sector.
- d. Compensation levels must be competitive to control unnecessary levels of turnover.
- e. 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 healthcare sector employers must recruit and retain highly qualified individuals.
- f. 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.
- g. Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- h. Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- i. Compensation policies and programs must be designed to be efficiently administered. The salary ranges will group jobs of similar value, and common impact and magnitude.

Compensation Surveys

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

HEABC is responsible for conducting 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 healthcare employers must attract and retain individuals. This will include both the public and private sector. Compensation information will be collected based on 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 the following: 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 for providing healthcare employers with salary reference ranges. The reference salary ranges will be based on the 50th percentile of the blended healthcare and external market pay policy guidelines. 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 for establishing 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 for administering 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 12 percent 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.

The salary ranges do not include a range for the Chief Executive Officer. The compensation plan for the Chief Executive Officer is established by the VIHA Board of Directors and must be approved by the Minister of Health and the Minister of Finance.

Organization Information Plan

The Organization Information Plan provides a means of grouping organizations with similar characteristics for comparing the pay practices of these groupings to a relevant external market. The grouping of organizations is determined by assessing certain characteristics that are inherent in all healthcare organizations.

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

The healthcare employer is responsible for completing the questionnaire.

The healthcare employers' Board is responsible for approving the completed OIQ and returning the questionnaire to HEABC.

HEABC is responsible for reviewing all completed questionnaires for consistency in application and informing the healthcare employer of the final assessment.

The OIQ collects information on healthcare 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. Assessing the skill, effort, responsibility, and working conditions inherent in all jobs/roles in healthcare determine the hierarchy of jobs/roles.

HEABC is responsible for providing healthcare employers with copies of the Role Assessment Plan, the associated Questionnaire, and consulting advice on the application of the system. HEABC is responsible for educating healthcare employers on the use of the plan and provide consulting advice and assistance as required.

Healthcare employers are required to submit role assessments for each non-contract position to HEABC and the head of the healthcare employer, or designate, completes a final approval of the role assessment.

HEABC is responsible for working with healthcare employers to ensure the consistent application of the plan through periodic reviews. HEABC is responsible for working with the healthcare employers to resolve any disputes on the application of the plan.

Application of the Compensation Reference Plan

For each of the Executive employees reported in the Summary Compensation Table of this disclosure, VIHA has applied the Compensation Reference Plan, working with HEABC as necessary. The base salary and total compensation provided to each Executive 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*.

VIHA has established salary ranges and job rates consistent with the mandated 50th percentile of the blended market and HEABC reference salary ranges. Newly hired employees are placed on the appropriate salary range and at the appropriate range placement in accordance with their previous experience, skills, competencies and current labour market conditions. Movement along the salary range is considered annually. Range movement is dependent on competency development and performance in the role. Performance and development are assessed between the employee and their manager annually.

Benefits

VIHA provides a standard package of employee health and welfare benefits to its noncontract employees. Benefits include Medical Service Plan coverage, Long Term Disability, Short Term Illness, Sick Leave, Life Insurance, Accidental Death & Dismemberment (AD&D), Extended Health, Dental Plan and enrollment in the Municipal Pension Plan. Premiums are employer paid.

The executive benefit plan differs from the non-contract staff/management plan in the following areas:

- Life Insurance and Accidental Death - five times annual salary rather than four times annual salary for non-contract staff/management. President & CEO entitled to 1.5 million.
- Dental - major services and orthodontic services reimbursed at 100% with no monetary limit rather than 75% with monetary limit.
- Extended Health – Executive employees do not pay \$25 deductible; vision care maximum is \$250 rather than \$225.
- Long Term Disability – 77% of salary up to a monthly maximum of \$10,000 rather than \$7,000. President & CEO has a monthly maximum of \$15,000.

Perquisites

VIHA's executive perquisites consist of a car allowance.

Summary Compensation Table at FISCAL, 2013

Name and Position (a)	Salary (b)	bonus and / or Incentive Plan Compens ation	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011 / 12	2010 / 11
Howard Waldner, President & CEO	\$ 359,015	\$ -	\$ 33,698	\$ 20,273	\$ 7,985	\$ 420,971	\$ 418,741	\$ 442,201
Catherine Mackay, EVP & COO	\$ 262,646	\$ -	\$ 24,652	\$ 16,303	\$ 8,314	\$ 311,915	\$ 302,712	\$ 288,889
Richard Crow, Executive Medical Director, Adult Mental Health & Addiction Services	\$ 263,991	\$ -	\$ 24,779	\$ 16,738	\$ 9,719	\$ 315,226	\$ 308,167	\$ 296,295
Lynn Stevenson, EVP, People, Organizational Development, Practice and Chief Nurse	\$ 248,645	\$ -	\$ 23,338	\$ 16,807	\$ 9,505	\$ 298,295	\$ 296,567	\$ 306,200
Bill Boomer, VP & CFO	\$ 249,776	\$ -	\$ 23,444	\$ 16,839	\$ 7,552	\$ 297,611	\$ 282,723	\$ 261,017

Name and Position (a)	All Other Compensation	Severanc e (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Howard Waldner, President & CEO	\$ 7,985	\$ -	\$ -	\$ -	\$ 6,000	\$ 1,031	\$ 954
Catherine Mackay, EVP & COO	\$ 8,314	\$ -	\$ -	\$ -	\$ 6,000	\$ 1,282	\$ 1,032
Richard Crow, Executive Medical Director, Adult Mental Health & Addiction Services	\$ 9,719	\$ -	\$ -	\$ -	\$ 6,000	\$ 1,115	\$ 2,604
Lynn Stevenson, EVP, People, Organizational Development, Practice and Chief Nurse	\$ 9,505	\$ -	\$ -	\$ -	\$ 6,000	\$ 2,046	\$ 1,459
Bill Boomer, VP & CFO	\$ 7,552	\$ -	\$ -	\$ -	\$ 6,000	\$ 1,040	\$ 512

ATTENTION - Crown Agency Policy changes are being implemented. They may not be reflected in the 2012/13 executive compensation disclosure.

Notes: Additional information as requested on June 25, 2013

1. Perquisite/other allowance (J) column represents **Car Insurance Reimbursements**.

1(a) Lynn Stevenson's reimbursement totals \$2,046 as a result of \$1,025 submitted march 29, 2012 but paid in fiscal 2012/13; \$1,021 submitted March 11, 2013 and paid in fiscal 2012/13.

2. Overall VIHA top five executive compensation increased from a total of \$1,608,910 in 2011/12 to \$1,644,018 in 2012/13. This increase was a result of pay increases for executives in 2011 which came into effect half way through the year. Accordingly, 2011/12 represents only half a year at the higher rate while 2012/13 represents a full year at the higher rate of pay.

There have been no executive compensation salary increases since the salary freeze was imposed by the Province in September 2012.