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July 4, 2014

Mr. Lee Doney
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas St
Victoria, BC V8W 2B7

Dear Mr. Doney:

**Re: Public Sector Employers Act – Section 14.8(3)
Public Sector Executive Compensation Reporting Form 2013/14**

Please find attached the **revised** Vancouver Island Health Authority's (Island Health) Statement of Executive Compensation for the fiscal year 2013/14. 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.

Attached is a narrative discussion and analysis of Island Health's compensation philosophy, policies and practices and completed PSEC Compensation tables for Island Health.

As the Board Chair for Island Health, I confirm the following:

- That I am aware of the executive compensation paid to the CEO and Executive Members listed on the enclosed documents in the fiscal year 2013/2014.
- That the compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with Island Health and it includes the value of any pre-post-employment payments made during the 12 month period before or after the term of employment.

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, Island Health

Attachments

Executive Office

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COMPENSATION PHILOSOPHY **Reporting Requirements – *Public Sector Employers Act***

Vancouver Island Health Authority

July 4, 2014

The Vancouver Island Health Authority (Island Health) confirms the following compensation philosophy while acknowledging the current Provincial direction regarding a non-contract salary freeze for select positions.

Compensation Discussion and Analysis

Island Health 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.

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

Island Health 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 Island Health 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, Island Health 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*.

Island Health 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

Island Health 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.

- 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.
- Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service. Credits are paid out at the time of leaving the workforce if the person leaves on or after age 55 upon retirement, termination, death or disability. No payout is made in the event that the employee is dismissed with just cause.
- Employees may receive MSP payments as a registered physician and MSP payment are disclosed through the requirements of the FIA as payments for goods and services. This type of payment has been disclosed.

Perquisites

Island Health’s executive perquisites consist of a car allowance.

Summary Compensation Tables:

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012 / 13 (s)	2011 / 12 (t)
Howard Waldner, President & CEO	\$ 57,995	\$ -	\$ 3,632	\$ 5,452	\$ 147,058	\$ 214,136	\$420,971	\$ 418,741
Catherine Mackay, EVP & COO	\$ 262,578	\$ -	\$ 15,534	\$ 24,644	\$ 8,294	\$ 311,050	\$311,915	\$ 302,712
Richard Crow, Executive Medical Director, Adult Mental Health & Addication Services	\$ 263,991	\$ -	\$ 16,048	\$ 24,777	\$ 10,106	\$ 314,922	\$315,226	\$ 308,167
Lynn Stevenson, EVP, People, Organizational Development, Practice and Chief Nurse	\$ 211,348	\$ -	\$ 14,298	\$ 19,838	\$ 158,993	\$ 404,477	\$298,295	\$ 296,567
Bill Boomer, VP & CFO	\$ 53,798	\$ -	\$ 2,706	\$ 4,064	\$ 217,500	\$ 278,067	\$ 297,611	\$ 282,723
Brendan Carr, President & CEO	\$ 191,401	\$ 22,864	\$ 25,037	\$ 11,363	\$ 136,923	\$ 387,588	\$ -	\$ -
Kim Kerrone, VP & CFO	\$ 226,029	\$ -	\$ 18,634	\$ 21,214	\$ 21,001	\$ 286,878	\$ -	\$ -
Jatinder Baidwan, EVP - Chief Medical Officer	\$ 251,680	\$ -	\$ 15,193	\$ 8,665	\$ 18,340	\$ 293,877	\$ -	\$ -

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Howard Waldner, President & CEO	\$ 147,058	\$ -	\$ 7,822	\$ -	\$ 1,154	\$ -	\$ 138,083
Catherine Mackay, EVP & COO	\$ 8,294	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 2,294
Richard Crow, Executive Medical Director, Adult Mental Health & Addiction Services	\$ 10,106	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 4,106
Lynn Stevenson, EVP, People, Organizational Development, Practice and Chief Nurse	\$ 158,993	\$ -	\$ 22,308	\$ -	\$ 4,846	\$ -	\$ 131,839
Bill Boomer, VP & CFO	\$ 217,500	\$ -	\$ 31,815	\$ -	\$ 1,385	\$ -	\$ 184,300
Brendan Carr, President & CEO	\$ 136,923	\$ -	\$ -	\$ -	\$ 4,666	\$ -	\$ 132,257
Kim Kerrone, VP & CFO	\$ 21,001	\$ -	\$ 13,101	\$ -	\$ 6,000	\$ -	\$ 1,900
Jatinder Baidwan, EVP - Chief Medical Officer	\$ 18,340	\$ -	\$ -	\$ -	\$ 2,100	\$ -	\$ 16,240

Notes:	
Howard Waldner, President & CEO	retired May 13, 2013 - retiring allowance of \$138,082.50 based on eligible service
Catherine Mackay, EVP & COO	
Richard Crow, Executive Medical Director, Adult Mental Health & Addiction Services	
Lynn Stevenson, EVP, People, Organizational Development, Practice and Chief Nurse	retired Jan 17, 2014 -retiring allowance amount includes \$ 59,674.68 sick bank payout and \$ \$71,700.47 of retiring allowance based on eligible years of service
Bill Boomer, VP & CFO	retired May 31, 2013 - retiring allowance amount includes \$ 59,827.87 sick bank payout and \$ 84,275. retiring allowance based on eligible years of service Contract work for Island Health after retirement
Brendan Carr, President & CEO	Contracted as CEO April 2, 2013 to August 5, 2013, was in receipt of a contracted payment of \$130,482.56 prior to employee status; became a VIHA employee Aug 6/13. 'At risk' component of compensation \$22,864 (7.84 months of \$34,997 annual holdback amount) earned in fiscal 13/14 , paid in fiscal 14/15. Dr. Brendan Carr was also in receipt of compensation totalling \$8,055.03 for professional fees at VEPA Emergency Department. This is above and beyond the total compensation noted above
Kim Kerrone, VP & CFO	
Jatinder Baidwan, EVP - Chief Medical Officer	

Compensation Discussion and Analysis:

*Following is information in accordance with Item 5 of PSEC Reporting Guidelines

Year-End Status Report - Personal Goals and Objectives 2013/14 Dr. Brendan Carr, President & CEO, Island Health
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Fully Achieved	24
Achieved in Part	2
Not Met	0
TOTAL	26