

May 4, 2016

Christina Zacharuk  
President & CEO  
Public Sector Employers' Council Secretariat  
Suite 210, 880 Douglas Street  
Victoria, B.C.  
V8W 2B7

Dear Ms. Zacharuk:

**Re: Statement of Executive Compensation – Oil and Gas Commission**

The attached Statement of Executive Compensation has been reviewed and approved by the Board of Directors.

This correspondence is to confirm that the compensation provided to the Commission's Executive, as disclosed in the attached report, is accurate and within the Commission's approved compensation plan.

Yours truly,



Doug Wilkes  
Chair, Audit Committee



## STATEMENT OF EXECUTIVE COMPENSATION – 2015/2016 EXCLUDED COMPENSATION PHILOSOPHY

### OBJECTIVES

- At PSECs request the Commission's Excluded Compensation Philosophy (ECP) was refreshed and approved by the Public Sector Employer's Council (PSEC) in 2015.
- The Board of Directors provided development oversight and approval of the Commission's ECP, prior to PSEC's approval.
- The Board Chair approved(s) the Commissioner, CEO's salary.
- The CEO determines the salary for all Named Executive Officers (NEOs) based upon the Commission's ECP.
- NEOs do not receive any incentives or bonuses; total compensation includes base salary and benefits.
- The Commission is in compliance with the excluded and executive compensation policy guidelines for public sector Crown Corporations.

### EXCLUDED COMPENSATION PHILOSOPHY CORE PRINCIPLES

#### PERFORMANCE

- Ensure corporate mandate of regulatory compliance is achieved
- Ensure fairness to the employer who recruits and retains required staff to achieve mandate
- Align employees with the Commission's strategic objectives by ensuring that annual merit increases reflect individual, divisional and organizational performance
- Implement fair and consistent annual performance management practices

#### ACCOUNTABILITY

- Ensure Board of Directors governance for CEO compensation is consistent with Government mandate
- Maintain affordability and alignment with the Taxpayer Accountability Principles
- Establish market appropriate benchmark comparisons to determine most appropriate compensation to support the recruitment and retention of talented leadership
- Apply role assignment consistent with BC Public Service Agency Management Classification and Compensation Framework (MCCF)

#### DIFFERENTIATION

- Ensure fair, equitable, flexible and competitive compensation is applied
- Recognize special individual and team accomplishments
- Balance internal equity with external competitiveness
- Ensure financial sustainability by being fair to the employee who performs the job

#### TRANSPARENT

- Communicate and publish the excluded compensation philosophy and all updates internally, as well as externally as mandated by legislation
- Develop and implement fair, just, consistent and easy to implement staffing practices
- Report to PSEC, terms and conditions of employment for employees who have a base salary over \$125k
- Report publicly as requested and in accordance with the Financial Information Act (FIA) all employees who earn a base salary over \$75k

## 2015/16 COMPENSATION DISCLOSURE

### Summary Compensation Table at Fiscal, 2016

Name and Position (a)	Salary (d)	Bonus and / or Incentive Plan Compensation (e)	Benefits (f)	Pension (g)	All Other Compensation (o)*	Total Compensation 2015/16 (r)	Previous Two Years Totals	
							2014 /15 (s)	2013/14 (t)
Paul Jeakins, Commissioner, CEO	\$194,917	\$ -	\$ 6,570	\$ 21,284	\$ 7,934	\$ 230,705	\$ 234,011	\$ 232,652
Randall Smith, Executive Vice President, Chief Financial Officer	\$147,474	\$ -	\$ 6,048	\$ 16,126	\$ 66,985	\$ 236,633	\$ 197,780	\$ 197,305
Kenneth Paulson, Executive Vice President, Chief Operating Officer	\$ 164,434	\$ -	\$ 4,453	\$ 17,675	\$ 1,200	\$ 187,762	\$ 189,014	\$ 188,512
Trevor Swan, Executive Vice President, Chief Legal & Regulatory Officer	\$ 164,434	\$ -	\$ 5,999	\$ 17,675	\$ 7,524	\$ 195,632	\$ 194,418	\$ 199,015
James O'Hanley, Vice President, Permitting & Authorizations	\$ 157,759	\$ -	\$ 5,529	\$ 16,924	\$ 6,280	\$ 186,492	\$ 197,293	\$ 194,647

\*expanded below

## Summary Other Compensation Table at FISCAL 2016

Name and Position (a)	All Other Compensation (o)	Severance (h)	Vacation payout (i)	Leave payout (h)	Vehicle / Transportation Allowance (k)	Perquisites / other Allowances* (l)	Other (m)
Paul Jeakins, Commissioner, CEO	\$ 7,934	\$ -	\$ 6,734	\$ -	\$ -	\$ -	\$ 1,200
Randall Smith, Executive Vice President, Chief Financial Officer	\$ 66,985	\$ -	\$ 28,920	\$ -	\$ -	\$ 37,050	\$ 1,015
Kenneth Paulson, Executive Vice President, Chief Operating Officer	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200
Trevor Swan, Executive Vice President, Chief Legal & Regulatory Officer	\$ 7,524	\$ -	\$ 6,324	\$ -	\$ -	\$ -	\$ 1,200
James O'Hanley, Vice President, Permitting & Authorizations	\$ 6,280	\$ -	\$ 5,864	\$ -	\$ -	\$ -	\$ 415

**Notes:**

- Paul Jeakins    Decrease in 2015/16 - Less vacation paid out, less health spending dollars used. Other (m) parking benefit. Previous transportation allowance(k) rolled into salary (d).
- Randall Smith    Increase in 2015/16 - Retired Jan 29, 2016 - retirement allowance\* and vacation pay out; retirement allowance calculated at 28 years of public service . Other (m) parking benefit
- Kenneth Paulson    Decrease in 2015/16 - Less health spending dollars used, lower employer pension contribution. Other (m) parking benefit
- Trevor Swan    Increase in 2015/16 - More vacation hours paid out, less health spending dollars used. Other (m) parking benefit
- James O'Hanley    Decrease in 2015/16 - Less vacation paid out, less health spending dollars used, less parking as taxable benefit. Other (m) parking benefit

\*The Commission offers a Retirement Allowance to both Included and Excluded employees. Upon retirement an employee who has completed twenty years of service as per their employment contract is entitled to an amount set out in the Collective Agreements and the Excluded Terms of Employment.