

EXECUTIVE COMPENSATION BC LIQUOR DISTRIBUTION BRANCH

The Liquor Distribution Branch follows the BC Public Service compensation policy and guidelines as outlined below:

Compensation Philosophy

The executive compensation approach will provide staff with a competitive total compensation package to attract and retain a qualified, diverse and engaged workforce that strives to achieve high levels of performance in delivering government services to the people of BC. The compensation philosophy outlines the BC Public Service's objectives and guiding principles for compensation for deputy ministers, associate deputy ministers and assistant deputy ministers.

Objectives

The objectives of the BC Public Service compensation philosophy are to:

1. Support and retain individuals who demonstrate the BC Public Service values and skills needed to achieve the objectives of government.
2. Attract qualified, diverse and high-potential individuals to the BC Public Service.
3. Support the development of a performance-based culture by providing incentives for employees to achieve results and exhibit superior performance.

Guiding Principles

The following principles guide the design, implementation and administration of BC Public Service compensation programs:

- Differentiation: Differentiation of salary is supported where there are differences in the scope of the position within a ministry or corporate context, and/or due to superior individual or team contributions.
- Performance: Compensation programs support and promote a performance-based organizational culture.
- Transparent: Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public, while at the same time protecting individual personal information.
- Accountable: Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.

Guidelines for Administration

Market Comparators

The BC Public Service has identified the primary competitors for talent as:

1. BC public sector organizations (including Crown corporations, the health sector, the education sector, community social services, regional governments, municipalities, and various other public bodies);
2. Other provincial jurisdictions and the federal government (excluding northern territory jurisdictions); and
3. The private sector.

Executive Compensation

The province's target position for executive compensation in the public sector market is to be from 3rd to 5th nationally amongst the provincial and federal governments. A determination is made respecting the appropriate ranking based on demographic and labour market trends, and economic variables.

Pay ranges for executives were last set in August 2008. Under the model introduced in 2008, the maximum attainable salary for BC Public Service deputy ministers and for assistant deputy ministers ranked third among provinces and the federal government. Base pay for executives includes a salary holdback that is tied to leading human resources to corporate outcomes. The salary range maximums have not been increased since they were introduced in 2008. The maximum of the salary range is \$299,215 for BC Public Service deputy ministers and \$348,600 for the Deputy Minister to the Premier.

Review Periods

The maximum achievable salaries for executives under the framework approved by Cabinet in 2008 was set at 83 per cent of federal equivalent levels, which reflects the recommendation of a 2001 analysis by the consulting firm Watson Wyatt.

Internal Relativity and Differentiation

Base pay will typically be set at levels within scope of comparable positions within the BC Public Service. Differentiation of base pay reflects:

- Differences in the scope and responsibility of the work assignment in a corporate context;
- Recruitment and retention pressures;
- Emphasis on specific talent or unique skills within ministries required to meet service plan priorities; and
- Relative performance in achieving work goals and objectives.

Salary Holdbacks

The assessment of performance of Deputy Ministers in their roles is based on the achievement of goals and targets within ministry service plans and specific performance objectives. The measures for the salary holdback are based on an assessment of executive performance in leading their human resources to corporate outcomes. These outcomes may include goals related to the government's Corporate Human Resource Plan, Technology and Transformation Plan, financial targets and other corporate initiatives.

Assessment of compensation holdback is conducted following the completion of the fiscal year and paid in May of the following fiscal year.

There were four holdback measures for the 2015/16 fiscal year, with each measure equally weighted at 25 per cent. Holdback amounts calculated against these measures were paid in the 2016/17 fiscal year. Holdbacks for Deputy Ministers range from 5 – 10%.

For the 2016/17 fiscal year, the first two holdback measures are weighted 25% each and the third measure is weighted 50%. The holdback for these measures will be paid out in the 2017/18 fiscal year.

Leave Provisions

Deputy Ministers and Associate Deputy Ministers receive one additional week of vacation supplementary to the leave entitlements provided to all excluded managers in the BC public service.

Holdbacks based on the 2015/16 measures will be reported and paid in fiscal 2016/17.

| 2015/16 Holdback Measures | |
|---|---|
| Measure | Target |
| 1. Achieving government's fiscal targets and performance on forecast. | <p>Achievement of ministry budget targets; AND % margin on forecasting as determined in conjunction with the Ministry of Finance;</p> <p>AND achieving the budget approval by the Minister of Finance consistent with Budget 2015.</p> <p>Targets will be confirmed by the Ministry of Finance.</p> |
| 2. Implementation of a Lean Culture Deployment Strategy | <p>Achievement of the Ministry's deliverables (key performance indicators and outcome targets) consistent with the Lean BC Initiative Guidelines by March 31, 2016 (3 per ministry to be specific).</p> |
| 3. Achieving results on discretionary spending targets. | <p>Achievement of a STOB 50 target by ministry, consistent with Budget 2015.</p> <p>Targets will be confirmed by the Ministry of Finance.</p> |
| 4. Delivering on the key priorities of government. | <p>Achievement of specific deliverables and outcomes from the tasks in the Minister's mandate letters (5 per ministry to be specific).</p> <p>For those agencies without a mandate letter, specific deliverables and outcomes will be agreed to with the Deputy Minister to the Premier.</p> |

Holdbacks based on the 2016/17 measures will be reported and paid in fiscal 2017/18.

| 2016/17 Holdback Measures | |
|---|---|
| Measure | Target |
| 1. Achieving government's fiscal targets and performance on forecast. | <p>Achievement of ministry budget targets; AND % margin on forecasting as determined in conjunction with the Ministry of Finance;</p> <p>AND achieving the budget approval by the Minister of Finance consistent with Budget 2016.</p> <p>Targets will be confirmed by the Ministry of Finance.</p> |
| 2. To begin to embed succession management into our leadership practices. | <p>A succession plan is completed for each Associate Deputy Minister and Assistant Deputy Minister role; AND</p> <p>Successful implementation of strategies, including coaching and/or mentoring practices, within each organization to develop the bench strength within.</p> |
| 3. Delivering on the key priorities of government. | <p>Achievement of specific deliverables and outcomes from the tasks in the Minister's mandate letters (5 per ministry to be specific).</p> <p>For those agencies without a mandate letter, specific deliverables and outcomes will be agreed to with the Deputy Minister to the Premier.</p> |

Liquor Distribution Branch

Summary Compensation Table at 2017

| Name and Position | Salary | Holdback/Bonus/ Incentive Plan Compensation | Benefits | Pension | All Other Compensation (expanded below) | 2016/2017 Total Compensation | Previous Two Years Totals Total Compensation | |
|---|------------|---|-----------|-----------|--|------------------------------------|---|------------|
| | | | | | | | 2015/2016 | 2014/2015 |
| Robert Blain Lawson, General Manager & CEO | \$ 175,500 | \$ 19,500 | \$ 10,124 | \$ 18,293 | \$ 20,181 | \$ 243,598 | \$ 245,493 | \$ 260,710 |
| Roger Bissoondatt, Chief Financial Officer (CFO) | \$ 126,000 | \$ 14,000 | \$ 8,327 | \$ 12,901 | \$ 8,728 | \$ 169,956 | \$ 174,974 | \$ 174,942 |
| Todd Cooper, Executive Director, Wholesale Operations | \$ 126,000 | \$ 10,500 | \$ 8,327 | \$ 12,901 | \$ 4,831 | \$ 162,559 | \$ 111,589 | |
| Michael Procopio, Executive Director, Retail Operations | \$ 126,000 | \$ 14,000 | \$ 8,327 | - | \$ 15,627 | \$ 163,954 | \$ 157,013 | \$ 145,614 |

Summary Other Compensation Table at 2017

| Name And Position | All Other Compensation | Severance | Vacation payout | Leave payout | Vehicle / Transportation Allowance | Perquisites / other Allowances | Other |
|---|-------------------------------|------------------|------------------------|---------------------|---|---------------------------------------|--------------|
| Robert Blain Lawson, General Manager & CEO | \$ 20,181 | - | \$ 20,181 | - | - | - | - |
| Roger Bissoondatt, Chief Financial Officer (CFO) | \$ 8,728 | - | \$ 8,728 | - | - | - | - |
| Todd Cooper, Executive Director, Wholesale Operations | \$ 4,831 | - | \$ 4,831 | - | - | - | - |
| Michael Procopio, Executive Director, Retail Operations | \$ 15,627 | - | \$ 15,627 | - | - | - | - |

Notes

| | |
|---|---|
| Robert Blain Lawson, General Manager & CEO | General Note: -Holdbacks are administered as a 10% holdback of total achievable salary. Holdback amounts relate to prior fiscal year (2015/16) performance and were paid in July 2016. -Description for earned/accrued and not yet paid: a) Provision for retiring allowance (payable when qualified); b) Accrued 1.5 weeks of vacation. |
| Roger Bissoondatt, Chief Financial Officer (CFO) | General Note: -Holdbacks are administered as a 10% holdback of total achievable salary. Holdback amounts relate to prior fiscal year (2015/16) performance and were paid in July 2016. -Description for earned/accrued and not yet paid: a) Provision for retiring allowance (payable when qualified); b) Accrued 8.5 weeks of vacation; c) Accrued 22.3 weeks of frozen vacation. Frozen vacation relates to vacation earned prior to 2003. |
| Todd Cooper, Executive Director, Wholesale Operations | General Note: -Holdbacks are administered as a 10% holdback of total achievable salary. Holdback amounts relate to prior fiscal year (2015/16) performance and were paid in July 2016. Todd Cooper was hired July 2, 2015 and therefore, holdback paid for 2015/16 performance was prorated for 9 months ($\$14,000 \times 9/12 = \$10,500$). -Description for earned/accrued and not yet paid: a) Provision for retiring allowance (payable when qualified); b) Accrued 5 weeks of vacation. |
| Michael Procopio, Executive Director, Retail Operations | General Note: -Holdbacks are administered as a 10% holdback of total achievable salary. Holdback amounts relate to prior fiscal year (2015/16) performance and were paid in July 2016. -Michael Procopio is not part of Public Service Pension Plan as he has reached 35 years. -Description for earned/accrued and not yet paid: a) Provision for retiring allowance (payable when qualified); b) Accrued 8.75 weeks of vacation; c) Accrued 30.5 weeks of frozen vacation. Frozen vacation relates to vacation earned prior to 2003. |