

June 18, 2009

Mr. Lucas Corwin
Executive Director
Public Sector Employers' Council Secretariat
2nd Floor, 880 Douglas Street
P.O. Box 9400, Stn Prov Govt
Victoria, B.C.
V8W 9V1

Dear Mr. Corwin:


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 2008/2009. 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 Mr. Larry Tokarchuk, Acting VP Corporate Services and CFO at 250-565-2488.

Sincerely,



Cathy Ulrich
CEO

cc: K. Commerford, Senior Consultant—Executive Compensation, HEABC
Dr. Charles Jago, Northern Health Board Chair
L. Tokarchuk, Acting VP Corporate Services and CFO, NHA

**Northern Health Authority
Statement of Executive Compensation
2008/2009**

PART ONE

Summary Compensation Table at March 31, 2009								
<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 08/09 (g)</i>	<i>Previous 2 Years Total Comp⁽¹¹⁾ (h)</i>	
Catherine Ulrich President & Chief Executive Officer	\$265,000	0	0	\$26,055	\$11,849 ⁽⁶⁾	\$302,904	2007/08	\$279,578
							2006/07	Not required
Dr. David Butcher VP Medicine	\$261,363	0	0	\$20,905	\$18,995 ⁽⁷⁾	\$301,263	2007/08	\$286,779
							2006/07	Not required
Barry Cheal VP Corporate Services & CFO	\$182,418 ⁽¹⁾	0	0	\$15,063	\$31,466 ⁽⁸⁾	\$228,947	2007/08	\$225,480
							2006/07	Not required
Dr. Ronald Chapman Executive Director, Northern Cancer Strategy	\$206,000	0	0	\$16,463	\$13,014 ⁽⁹⁾	\$235,477	2007/08	\$253,850
							2006/07	Not required
Dr. Suzanne Johnston VP Academic & Chief Nursing Officer	\$192,537	0	0	\$15,400	\$11,290 ⁽¹⁰⁾	\$219,227	2007/08	\$217,885
							2006/07	Not required
Barry Cheal in role to February 27, 2009								
<p>(1) Annualized base salary - \$199,001</p> <p>(2) Northern Health Authority has no bonus payment plan.</p> <p>(3) Northern Health Authority has no re-earnable incentive payment plan.</p> <p>(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.</p> <p>(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.</p> <p>(6) Includes professional membership dues.</p> <p>(7) Includes professional membership dues and vacation bank payout.</p> <p>(8) Includes professional membership dues and vacation bank payout.</p> <p>(9) Includes professional membership dues.</p> <p>(10) Includes professional membership dues.</p> <p>(11) This information not required in this second year of reporting. Prior two years will be reported commencing with 2009/10 report.</p>								

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 and/or Role Assessment Questionnaire. 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 two 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. 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.

Compensation Reference Plan Guidelines

Comprehensive Guidelines for Executive & Non-Contract Compensation

Compensation Reference Plan Guidelines

In order that compensation levels for individuals not covered by collective agreements be fair, equitable, prudent and defensible to full disclosure; HEABC will use the principles, objectives and policy statements that make up the Compensation Reference Plan Guidelines to coordinate executive and non-contract compensation.

Compensation Principles

- 1 Jobs not covered by collective agreements will be compensated in a fair and equitable manner.
- 2 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.
- 3 Compensation policies and practices include the total compensation for services through both traditional employer compensation policies and special employment contract relationships.
- 4 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 health care sector.

Compensation Policy Objectives

Consistent with the above principles, health care's non-contract compensation programme has the following policy objectives:

- 5 Health care's non-contract compensation plan would address the expectations of trustees, employers, employees and the Government.
- 6 A defensible compensation system responds to broad equity issues. The compensation system recognizes the responsibility of the health care sector to establish compensation levels that acknowledge fairness and the public's ability to pay.
- 7 Compensation levels must be at a level so that health care employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that health care compensation practices cannot lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the health care sector.
- 8 Compensation levels must be competitive to control unnecessary levels of turnover.
- 9 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 health care sector employers must recruit and retain highly qualified individuals.
- 10 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.
- 11 Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- 12 Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- 13 Compensation policies and programmes must be designed to be efficiently administered. The salary ranges will group jobs of similar value, and common impact and magnitude.

Compensation Surveys

- 14 The compensation reference plan shall be reflective of a representative market that shall be composed of an appropriate mix of employers from which health care must attract and retain qualified individuals.
- 15 HEABC is responsible to conduct an annual cash compensation survey to ensure appropriate internal and external equity are maintained.
 - 15.1 Job market matches shall be appropriate to the type of position: local for administrative support positions; and provincial or national for managerial positions.
 - 15.2 The comparison of compensation shall be to relevant external labour markets. The external markets shall reflect the types of organizations from which health care employers must attract and retain individuals. This will include both the public and private sector. Compensation information will be collected on the basis of job content, not job title.
- 16 HEABC will conduct a total compensation survey on a minimum of a three year, or as needed cycle. Included in the survey will be: 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

- 17 HEABC is responsible to provide health care employers with salary reference ranges.
 - 17.1 The reference salary ranges will be based on the 50th percentile of the blended health care and external market pay policy lines.
 - 17.2 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.

- 18 Employers are responsible to establish salary ranges that conform to the reference salary ranges.
- 18.1 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.
- 18.2 The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate market reference rates.
19. Employers are responsible to administer salaries within the reference salary ranges.
- 19.1 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.
- 19.2 Implementation of the ranges may lead to employees being paid salaries in excess of the recommended salary ranges. Employers should develop a plan to ensure all salaries conform to the reference salary ranges. Wage rates of these employees are to be included in the comparison ratio calculation.
- 19.3 If an individual's compensation determined before the adoption of the HEABC plan for exempt compensation is above the upper limit of the applicable compensation range, that individual's compensation shall not be increased until the compensation is below the high point of the range (subject to the exception circumstances referenced in 19.1).
- 19.4 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.

- 19.5 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 15% 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.
- 20 Employers are responsible to develop a plan to ensure salaries that fall below the minimum or exceed the maximum of the recommended ranges conform to the recommended reference salary ranges. It is acknowledged that the salary plans will be phased in over an appropriate time period.
- 21 HEABC is responsible to coordinate the administration of the compensation reference ranges through monitoring health care employer's comparison ratio formula.

Organization Information Plan

- 22 HEABC is responsible to provide health care employers with a copy of the Organizational Information Questionnaire (OIQ), instructions on how its used, and consulting assistance in order to complete and accurately collect the required information.
- 23 The health care employer is responsible to complete the questionnaire.
- 24 The health care employers' Board is responsible to approve the completed OIQ and return the questionnaire to HEABC.
- 25 HEABC is responsible to review all completed questionnaires for consistency in application and inform the health care employer of the final assessment.
- 26 The Organizational Information Questionnaire collects factual information on health care organizations. In cases of an unresolved dispute on the application of the Organizational Information Plan, HEABC will establish a Review Committee of a representative group of health care employers.

Role Assessment Plan

- 27 HEABC is responsible to provide health care employers with copies of the Role Assessment Plan, the Questionnaire, and consulting advice on the application of the system.
- 28 HEABC is responsible to educate health care employers on the use of the plan and provide consulting advice and assistance as required.
- 29 Health care employers are responsible to ensure that non-contract employees complete the questionnaire and have their respective managers approve the questionnaires to ensure the information accurately reflects job content and requirements. The head of the health care employer, or designate, completes a final approval of the questionnaires.
- 30 HEABC is responsible to work with health care employers to ensure the consistent application of the plan through periodic reviews.
- 31 HEABC is responsible to work with the health care employers to resolve any disputes on the application of the plan. Health care employers will establish committees to review disputes. HEABC is available to assist the committees to ensure consistent application of the plan.

Disclosure & Reporting Requirements

- 32 HEABC is responsible to coordinate the reporting of total compensation for non-contract employees within the sector.
- 33 Health care employers are responsible to provide HEABC with total compensation information and related compensation policy information to meet the reporting requirements of employers and employers' associations within the sectoral compensation guidelines. Full disclosure of public sector compensation is public policy in British Columbia. This policy serves two main purposes:

it promotes the accountability of public sector employers to the public.

it enhances the credibility of public sector management by providing a framework within which appropriate compensation practices can be explained to the public.

Performance Based Pay

- 34 Health care employers recognize that strengthening the linkage between individual performance and organizational performance is a fundamental role for an organization's compensation strategy.
 - 34.1 HEABC, health employers and the PSEC Secretariat will develop appropriate models of performance based compensation for health care. For consistency purposes, during the initial implementation period, prior to implementation, HEABC will consult with employers on compensation plans that include performance-based pay.
- 35 Health care's Salary Reference Ranges are applicable to a system of performance based pay.
 - 35.1 Progression from the range minimum to the established job rate is based on job proficiency or performance. The established job rate is the rate paid for standard performance.
 - 35.2 Progression beyond the established job rate is reserved for above standard performance and is considered performance based variable compensation.
- 36 Health care employers are responsible to establish performance plans and policies to utilize the above standard performance range.
- 37 Performance pay programmes would include documented objectives with clearly defined and measurable performance criteria outcomes within set time frames.
- 38 HEABC is responsible to work with health care employers to ensure the consistent application of the sectoral guidelines in the development of performance management systems and policies that benefit the health sector.