



June 1, 2010

Mr. Paul Straszak
President & Chief Executive Officer
Public Sector Employer' Council
PO Box 9400 Stn Prov Govt
Suite 210, 880 Douglas Street
Victoria, BC V8V 9V1

Dear Mr. Straszak;

Re: Executive Compensation Disclosure

I attach the required report on the President & Chief Executive Officer and the four highest ranking corporate executives, in terms of compensation, as required by legislation.

By submitting this report I attest the information to be a correct reporting of the elements of compensation outlined in the Summary Compensation Table, and the Compensation Discussion and Analysis Report.

Yours truly,

Gordon R. Barefoot
Board Chair

Attachments:

- Compensation Discussion & Analysis
- Summary Compensation Table



Fraser Health Authority

Compensation Discussion & Analysis

June 1, 2010

Part I – Framework for Total Compensation

Compensation Plan

Fraser Health uses the health sector's *Compensation Reference Plan* as the framework for its compensation program that covers individuals in the Management & Management Support (Excluded) employee group (Excluded Compensation). The *Compensation Reference Plan* has three components:

- **Job Evaluation.** A common Job Evaluation Plan is in place for health employers to assess the level of responsibility, skills and qualifications required of a job. The evaluation determines the appropriate salary range that is set for a job. Fraser Health assesses the jobs and the Health Employers Association of BC (HEABC) reviews to ensure consistency of application.
- **Salary Ranges.** Health employers use common salary ranges. Each salary range has a minimum and maximum amount. Individual salaries are set between these two amounts. The salary ranges are used to set compensation for all excluded roles up to, but excluding, the Chief Executive Officer.
- HEABC conducts a compensation survey on behalf of health employers. The survey collects compensation information from employers in the health, public and private sectors. The survey data is used to support recommendations to the Public Sector Employer's Council (PSEC) for approved salary ranges. PSEC approves salary ranges based on a guidelines set by the Government and the recommendations from HEABC.
- The *Compensation Reference Plan* provides for salary ranges to be based on the market average, referred to the 50th Percentile. This is deemed to be a fair and defensible level of compensation. Over the past number of years, however, the salary ranges have been established based on factors that include market surveys, public sector bargaining and overall financial mandates set by Government. As such, for a range of positions, the salary ranges now reflect compensation levels that for some positions are below the market average or 50th Percentile. Despite this shortfall, Fraser Health establishes salaries within the approved salary ranges.
- Fraser Health establishes individual compensation rates within the limits of the approved salary ranges. Annual salary reviews take place in conjunction with a formal performance management program, and individuals are eligible for salary increases based on performance, general guidelines on maximum increases to guide health care employers, and available room on the specific salary range.
- The salary ranges do not include that for the Chief Executive Officer. The total compensation allowable for the Chief Executive Officer is established by the Ministry of Finance as part of a Province-wide Public Sector CEO Compensation initiative. Any amendments to existing CEO compensation plans must be approved by the Minister Health, prior to seeking approval from the Minister of Finance.
- **Compensation Guidelines.** Common guidelines help to establish consistency in compensation practices across health employers. Fraser Health uses the guidelines to guide its administrative practices as well as the framework for employment contracts.
- The terms and conditions of employment for Fraser Health Executives are outlined in individual employment contracts. All employment contracts are filed with the Public Sector Employers' Council Secretariat via an on-line process and made available for disclosure at the Corporate Office.

Benefits

Fraser Health provides a standard package of employee health and welfare benefits to its Management & Management Support employees. Benefits include Medical Service Plan Premiums, 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. Individuals have the option to purchase additional insurance benefits on an employee paid premium basis.

Senior Executives benefit plans provide different coverage from the plans for the Management & Management Support (Excluded) employee group. Insurance and AD& D (five times annual salary rather than three times annual salary) and dental (major services and orthodontic services reimbursed at 100% rather than 75%).

Perquisites

A Car Allowance of \$500 per month is provided to the President & Chief Executive Officer.

Part II – Discussion on Total Compensation Reported

Total Compensation – Chief Executive Officer

The total compensation reported for Dr. Nigel Murray reflects compensation, employer paid benefit premiums, a car allowance, a lump sum incentive payment and final relocation payments. The incentive payment is part of a performance plan where objectives and results are assessment by the Board. The President & Chief Executive Officer is eligible for an incentive plan payment of up to \$30,000 based on performance assessed by the Board.

Total Compensation – Other Executives

Base Salary, Pension, and all other compensation is reported for the four highest ranking administrators/executives on the attached Summary Compensation Table.

Dr. Roy Morton, Executive Medical Director, assumed additional leadership responsibilities and compensation for the expanded role (\$77,795) is reported in All Other Compensation.

Fraser Health allows vacation carryover of ten (10) days per year with any amount in excess mutually scheduled or paid out. The payout of excess vacation carryover is reported for Mr. Brian Woods, Dr. Roy Morton, Mr. Marc Pelletier and Dr. Patrician Petryshen under All Other Compensation on the other Summary Compensation Table.

SUMMARY COMPENSATION TABLE

a	b	c	d	e	f	g	h		
Name & Position	Base Salary	Bonus	Incentive Plan Compensation Paid	Pension	All Other Compensation	Total Compensation for 2009/2010	Previous Year Compensation (2008 - 2009)	Previous Year Compensation (2007 - 2008)	
Murray, Dr. Nigel President & Chief Executive Officer	\$ 348,660		\$ 30,000	\$ 27,753	\$ 54,610	\$ 461,023	\$ 466,176	\$ 205,371	
Woods, Brian VP Corporate Services Integration & Chief Financial Officer	\$ 313,907			\$ 24,987	\$ 34,044	\$ 372,938	\$ 312,758	N/A	
Morton, Dr. Roy Executive Medical Director	\$ 196,248			\$ 15,621	\$ 96,439	\$ 308,308	N/A	N/A	
Pelletier, Marc VP Clinical Support & Strategic Planning	\$ 249,369			\$ 19,824	\$ 32,944	\$ 302,138	\$ 278,888	N/A	
Petryshen, Patricia VP Acute Programs	\$ 240,981			\$ 19,182	\$ 40,461	\$ 300,624	\$ 313,326	\$ 293,092	

Notes:

- Dr. N. Murray: CEO Incentive payment based on performance achievements, assessed and approved by Fraser Health Board. CEO car allowance \$6,290 per year.
- Mr. Brian Woods: 2007/08 compensation not within top four executives. All other compensation includes payout of carryover vacation \$15,937
- Dr. Roy Morton: All Other Compensation includes \$77,958 additional responsibility pay and \$3,774 vacation carryover payout. Compensation for 2008/09 and 2008/07 compensation not within top four executives.
- Mr. Marc Pelletier: All Other Compensation includes payout of vacation carryover \$9181. 2007/08 Compensation not within top four executives.
- Dr. Patricia Petryshen: All Other Compensation includes vacation payout \$21,630.