

## EXECUTIVE COMPENSATION BC PUBLIC SERVICE

### 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 B.C. 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 assistant deputy ministers ranks 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.

## Review Periods

The maximum achievable salaries for executives under the framework approved by Cabinet in 2008 are now 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 the goals of the Corporate Human Resource Plan, meaning assessment for holdback purposes is based on the performance of the executive in leading their human resources to corporate outcomes.

Assessment of compensation holdback is conducted following the completion of the fiscal year, and held back compensation for that year is paid out early in the following fiscal year.

In 2008-09, the portion of executive compensation held back subject to performance increased from five per cent to ten per cent of salary. The holdback paid in the 2009-10 fiscal year (for performance achieved in FY 2008-09) reflected a blending of five percent for part of the year and ten percent for the remainder of the year. For the application of the 2008-09 measures, the first measure of an improved rating on government’s employee engagement score was valued at fifty percent of the overall holdback result. The remaining measures were valued equally to determine the remaining fifty per cent of the holdback.

Salary held back for fiscal year 2008-09, which was paid early in fiscal year 2009-10, was based on the following measures:

<b>2008/09 Holdback Measures</b>	
<b>Measure</b>	<b>Target</b>
1. The government’s rating on employee engagement	“Improvement” measured by BC Stats through the Work Environment Survey
2. The ministry’s rating on employee engagement	“Improvement measured by BC Stats through the Work Environment Survey
3. The percentage of staff who received	100% (-10%) measured by BC Stats through the Work Environment Survey

an annual performance review	or a 95% achievement through the e-Performance system
4. Innovation in the public service	Improved service delivery or processes representing \$250 million in net savings or cost avoidance activities
5. Ministry-specific measure to be added by each deputy minister based on one of the following priority areas within their ministry: <ul style="list-style-type: none"> <li>• Short Term Illness and Injury Prevention (Sick Leave);</li> <li>• Under 30 hires;</li> <li>• Visible minority, disability or aboriginal hires;</li> <li>• Number of corporate "greenhouse" positions created;</li> <li>• A value target on learning and training opportunities;</li> <li>• A value target on workplace health</li> </ul>	Quantitative target agreed to with the Deputy Minister to the Premier
6. A specific measure from the Work Environment Survey determined by BC Stats	"Improvement measured by BC Stats through the Work Environment Survey
7. A specific measure from the Work Environment Survey determined by BC Stats	"Improvement" measured by BC Stats through the Work Environment Survey

In 2009-10 the portion of executive compensation held back was ten per cent and the assessment was changed - there were five measures, with each measure equally weighted at twenty per cent. Holdback amounts calculated against these measures will be paid in the 2010-11 fiscal year.

For fiscal year 2009-10 senior executives qualifying for a holdback were assessed based on the following measures:

<b>2009/10 Holdback Measures</b>	
<b>Measure</b>	<b>Target</b>
1. The government's rating on employee engagement	'Improvement' measured by BC Stats through the Work Environment Survey.
2. The ministry's rating on employee engagement.	'Improvement' measured by BC Stats through the Work Environment Survey.
3. The percentage of staff who received an annual performance review.	95% achievement through the e-performance system.

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4. Innovation in the BC Public Service.	Improved service delivery or processes representing \$250 million in net savings or cost avoidance activities.
5. Effective workforce planning	Ministry workforce plan approved and published

### Summary Compensation Table

The highest-ranking public servant within the BC Public Service is the Deputy Minister to the Premier. Each ministry is led by a deputy minister. Each of the deputy ministers reports to the Deputy Minister to the Premier. They form the senior-executive of the BC Public Service. The Chief of Staff reports directly to the Premier.

Name/Role	2009/10 Salary (Excludes Holdback)	2009/10 Salary Holdback <sup>i</sup>	2009/10 Vehicle Allowance or Lease	2009/10 Vacation Carryover Payout	2009/10 Taxable Benefits & Employer Paid Benefits <sup>ii</sup>	Total Payments and Benefits 2009/2010	Total Payments and Benefits 2008/2009	Total Payments and Benefits 2007/2008
Allan P. Seckel - Deputy Minister to the Premier <sup>iii</sup>	\$247,118	\$15,480.58	\$7,500	\$9,159	\$33,444	\$312,702	\$278,051	\$254,650
Martyn Brown - Chief of Staff <sup>iv</sup>	\$164,859	\$0.00	\$0.00	\$6,395	\$38,375	\$209,629	\$229,085	\$229,923
Graham Whitmarsh - Deputy Minister of Finance	\$225,092	\$18,616.86	\$7,470	\$7,762	\$29,701	\$288,642	\$254,069	N/A
David Loukidelis - Deputy Attorney General <sup>v</sup>	\$37,956	\$0.00	\$1,160	\$4,840	\$4,938	\$48,388	N/A	N/A
John Dyble - Deputy Minister of Health <sup>vi</sup>	\$223,461	\$16,057.66	\$7,064	\$0.00	\$30,595	\$277,178	\$254,078	N/A

<sup>i</sup> Administered as a five per cent holdback from April 1, 2008 to July 31, 2008 and as a ten per cent holdback from August 1, 2008 to March 31, 2009; executives were paid out in June 2009 for fiscal year 2008/09.

<sup>ii</sup> Includes pension, employer paid CPP and EI benefits, health and dental and MSP.

<sup>iii</sup> Allan Seckel was Deputy Attorney General up to October 5, 2009.

<sup>iv</sup> The Chief of Staff is not subject to a salary holdback.

<sup>v</sup> David Loukidelis was appointed as the Deputy Attorney General effective February 1, 2010 at an annual achievable salary of \$255,000, which includes holdback.

<sup>vi</sup> John Dyble was the Deputy Minister of Forests and Range up to May 31, 2009.