

June 8, 2012

Mr. Paul Straszak,
President and CEO
Public Sector Employers' Council Secretariat
2nd Floor, 880 Douglas Street
P.O. Box 9400, Stn Prov Govt
Victoria, BC V8W 9V1

Dear Mr. Straszak:

RE: *Public Sector Employers Act - Section 14.8(3)*
Public Sector Executive Compensation Reporting Form

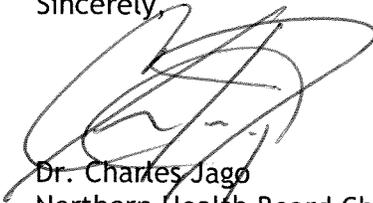
Please accept this letter as Northern Health's Statement of Executive Compensation for the fiscal year 2011/2012. This report is provided in compliance with the Section 14.8(3) of the Public Sector Employers Act and in the form and manner as established by the Public Sector Employer's Council (PSEC) 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.

As the Board Chair for Northern Health, I am fully aware of Northern Health's executive compensation practices and related performance measures.

If you have any questions or require clarification, please contact Jane Lindstrom, VP Human Resources and Corporate Services at 250-565-2116.

Sincerely,



Dr. Charles Jago
Northern Health Board Chair

cc: Cathy Ulrich, President and CEO
Jane Lindstrom, VP Human Resources and Corporate Services
Mark De Croos, VP Finance and CFO
Kindrée Draper, Corporate Relations Manager, PSEC
Pamaljit Gill, Industry Advisor, Management Compensation, HEABC

**Northern Health Authority
Statement of Executive Compensation
2011/2012**

PART ONE

Summary Compensation Table at March 31, 2012								
<i>Name and Principal Position</i>	<i>Salary</i>	<i>Bonus and or Incentive Plan Compensation Paid ⁽¹⁾</i>	<i>Benefits⁽²⁾</i>	<i>Pension⁽³⁾</i>	<i>All Other Comp</i>	<i>Total Comp For Fiscal 2011/12</i>	<i>Previous 2 Years Total Comp</i>	
Catherine Ulrich President & Chief Executive Officer	\$329,000	0	\$11,075	\$33,152	0	\$373,227	2010/11	\$361,950
							2009/10	\$344,392
Dr. David Butcher Vice President Medicine and Clinical Programs	\$272,487	0	\$11,354	\$23,855	Unused vacation payout: \$5,243	\$312,939	2010/11	\$311,936
							2009/10	\$313,295
Dr. Ronald Chapman ⁽⁴⁾ Chief Medical Health Officer	\$223,050	0	\$11,223	\$19,541	0	253,814	2010/11	\$250,415
							2009/10	\$245,002
Michael McMillan Chief Operating Officer—Northern Interior	\$216,089	0	\$11,121	\$18,929	0	\$246,139	2010/11	\$246,272
							2009/10	\$235,293
Dr. Suzanne Johnston Vice President Clinical Programs and Chief Nursing Officer	\$209,551	0	\$10,464	\$18,356	0	\$238,371	2010/11	Not reported
							2009/10	Not reported
<p>(1) Northern Health Authority has no bonus or incentive plan.</p> <p>(2) Includes Employer contributions/payments/premiums provided to all staff for Employment Insurance, Canada Pension Plan, Workers Compensation, Extended Health Care, Dental Plan, BC Medical Services Plan, Group Life Insurance, Accidental Death & Dismemberment Insurance, and Long Term Disability Insurance.</p> <p>(3) Pension plan is the Municipal Pension Plan (MPP) for all staff except Catherine Ulrich who is covered under the Public Sector Pension Plan (PSPP). No other retirement schemes are in place. Only the employer's contributions to MPP and PSPP are reported.</p> <p>(4) Appointed Chief Medical Health Officer June 1, 2011; annualized salary \$225,000. Previously Regional Director, Northern Cancer Program.</p>								

PART TWO

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. 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 President & Chief Executive Officer (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. 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 the Public Sector Employers' Council (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 the CEO.

Benefits

Northern Health's benefit package includes Medical Services Plan, Long Term Disability (LTD), Sick Leave Accumulation, Life Insurance, Accidental Death & Dismemberment (AD&D), Extended Health, Dental, and Pension Plan. Northern Health's executive benefit provisions are the same as those provided to all its employees with the following exceptions: 1) there is no annual deductible for extended health, 2) the gross monthly benefit for LTD is increased annually based on the Consumer Price Index to a maximum of 5% annually, 3) the monthly LTD benefit for the CEO is \$15,000 with medical evidence and for other members of the Executive, \$12,000 with medical evidence, and 4) the Life and AD&D insurance maximum is \$1.5 million with insurer approval. Northern Health's benefit package is comparable with other health sector employers in British Columbia.

Annual Leave

Executives are eligible for six weeks annual vacation, with an additional day per year to a maximum of seven weeks. Annual vacation provides employees with a period of time away from the work environment. It is Northern Health's intention that all vacation is to be taken as a benefit and therefore employees are expected to utilize their full entitlement each year.