



G. (Wynne) Powell
CHAIR

12 July 2013

Mr. Lee Doney
President & CEO
Public Sector Employers' Council
PO Box 9400 Stn Prov Govt.
Suite 210, 880 Douglas Street
Victoria, BC V8V 9V1

Dear Mr. Doney:

**RE: 2012/13 Totals to be included in Compensation Disclosure Report
Statement of Executive Compensation
Provincial Health Services Authority**

The 2012/ 2013 totals to be included in the Compensation Report Statement of Executive Compensation of the Provincial Health Services Authority (PHSA) has been reviewed and approved by myself as Board Chair of PHSA.

Sincerely,

G.W. (Wynne) Powell FCGA, D. Tech (Hon.)
Board Chair

Attach

/cp



July 12, 2013

Ms. Kindree Draper
Corporate Relations Manager
Public Sector Employers' Council Secretariat
kindree.draper@gov.bc.ca

Dear Ms. Draper:

**RE: 2012/13 Compensation Disclosure Report
Statement of Executive Compensation
Provincial Health Services Authority**

I have attached the Compensation Disclosure Report for the Provincial Health Services Authority.

Please contact me at 604-675-7403 if you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to read 'L. Lupini', is positioned below the 'Yours truly,' text.

Linda M. Lupini
Chief Human Resources Officer
Provincial Health Services Authority

cc: Pamaljit Gill, Industry Advisor, Management Compensation, HEABC,
PamG@heabc.bc.ca

Att.

**Public Sector Executive Compensation Reporting Guidelines
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation
2012/13**

COMPENSATION DISCUSSION AND ANALYSIS

Provincial Health Services Authority (PHSA) is a member employer of the Health Employers Association of BC and is governed by the HEABC Compensation Reference Plan. The Plan has been developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the member employers of HEABC for non-union, management and executive roles within healthcare.

Compensation Principles

PHSA's compensation principles are consistent with the compensation principles contained in the Compensation Reference Plan Guidelines. The principles are:

- Jobs not covered by collective agreements will be compensated in a fair and equitable manner.
- 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.
- Compensation policies and practices include the total compensation for services through both traditional employer compensation policies and special employment contract relationships.
- To ensure equity, appropriate systems will measure and recognize the composite value of the skill, effort, level of responsibility and working conditions involved in performing the duties of jobs across the health care sector.

Compensation Policy Objectives

PHSA's Compensation Policy Objectives are consistent with the compensation policy objectives contained in the Compensation Reference Plan Guidelines. The objectives are as follows:

- Health care's non-contract compensation plan would address the expectations of trustees, employers, employees and the Government.
- 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.
- 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.

- Compensation levels must be competitive to control unnecessary levels of turnover.
- 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.
- 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.
- Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- Compensation policies and programs must be designed to be efficiently administered. The salary ranges will group jobs of similar value, and common impact and magnitude.

Compensation Survey

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.

HEABC is responsible for conducting an annual cash compensation survey to ensure appropriate internal and external equity are maintained.

Job market matches shall be appropriate to the type of position: local for administrative support positions; and provincial or national for managerial positions and provincial, national and international for executive positions.

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.

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

HEABC is responsible for providing healthcare employers with salary reference ranges. The reference salary ranges will be based on the 50th percentile of the blended health care and external market pay policy lines. 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.

Employers are responsible for establishing salary ranges that conform to the reference salary ranges. 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.

The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate market reference rates. Employers are responsible to administer salaries within the reference salary ranges.

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.

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.

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.

Organization Information Plan

The Organization Information Plan provides a means of grouping organizations with similar characteristics for the purpose of comparing pay practice of these groupings to a relevant external market.

HEABC is responsible for providing healthcare employers with a copy of the Organizational Information Questionnaire (OIQ), instructions on how it should be used, and consulting assistance in order to complete and accurately collect the required information.

The health care employer is responsible for completing the questionnaire.

The health care employers' Board is responsible for approving the completed OIQ and return the questionnaire to HEABC.

HEABC is responsible for reviewing all completed questionnaires for consistency in application and inform the health care employer of the final assessment.

The Organizational Information Questionnaire collects factual information on health care organizations.

Role Assessment Plan

The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs/roles within an organization, as well as a comparison of jobs/roles across the healthcare sector. The hierarchy of jobs/roles is determined by assessing the skill, effort, responsibility, and working conditions inherent in all jobs/roles in healthcare.

HEABC is responsible for providing health care employers with copies of the Role Assessment Plan, the Questionnaire, and consulting advice on the application of the system. HEABC is responsible to educate health care employers on the use of the plan and provide consulting advice and assistance as required.

Health care employers are responsible for ensuring 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.

HEABC is responsible for working with health care employers to ensure the consistent application of the plan through periodic reviews. HEABC is responsible to work with the health care employers to resolve any disputes on the application of the plan.

Application of the Compensation Reference Plan

Newly hired employees are placed on the appropriate salary range based on the new hire's work experience, skills, and competencies for placement within the salary range established for the job, not to exceed the Competitive Market Rate for the job. PHSA has established job rates (Competitive Market Rates) for individual jobs or job classifications consistent with the mandated 50th percentile and based on independent salary survey results of the relevant labour market.

Performance reviews are conducted annually (April each year) using a comprehensive Employee Performance and Development Plan (EPDP) tool. Salary range progression is only permitted for executive staff that have achieved satisfactory or above satisfactory performance in the preceding performance period. The amount of adjustments varies based on the employee's performance evaluation score and the competitive market rate established for the job.

Executive Compensation

Each NEO is reported in the Summary Compensation Table of this disclosure. We are unique from the other five geographic health authorities, in that PHSA has a specialized and province-wide mandate. We provide high quality, specialized services which are delivered by highly trained specialists in areas such as oncology, paediatrics, psychiatry, cardiac and perinatal care. As a result, we employ a higher number of specialists than other health authorities. PHSA pays specialists as salaried employees rather than as contractors who then charge MSP for their services. Recruitment and retention of these specialists is challenging and competitive as there is a lot of demand from other jurisdictions for the qualified specialists PHSA employs at BC Cancer, BC Children's and its other specialty agencies. In order to attract and retain highly qualified specialists, PHSA must ensure they are compensated at a competitive rate.

Benefits

PHSA executive benefit package is comparable to other health sector employers in British Columbia which include the following key elements:

Medical Services Plan

The PHSA covers the premium costs for participation of the employee and their dependent(s) in the British Columbia Medical Services Plan.

Extended Health Benefits Plan

The Plan provides employees and their dependent(s) with supplementary health services and other approved paramedical services etc. Premium costs are fully paid by the PHSA.

The BCCA Medical/Dental benefit program requires a \$25.00 deductible to be paid by the employee.

Dental Plan

PHSA pays the full cost of a Dental Plan that provides to the employee and their dependent(s) 100% reimbursement for Basic Services, Prostheses, Crowns, Bridges, and Orthodontics (Maximum \$3,000).

The BCCA Medical/Dental benefit program that provides a Dental Plan that provides to the employee and their dependent(s) 100% reimbursement for Basic Services and 80% reimbursement for Prostheses, Crowns, Bridges, and Orthodontics (Maximum \$3,000). The PHSA pays the full premium costs.

Group Life Insurance

This plan provides a non-evidenced benefit of five (5) times annual salary to a maximum of \$1,000,000 to the beneficiary or estate of a deceased employee. The PHSA pays the full cost of premiums.

The BCCA Medical/Dental benefit program provides a non-evidenced benefit of four (4) times annual salary to a maximum of \$400,000 to the beneficiary or estate of a deceased employee. The PHSA pays the full premium costs.

Dependent Group Life Insurance

This plan provides for \$10,000 spousal insurance and \$5,000 insurance for each dependent child. The PHSA pays the full cost of premiums.

Accidental Death and Dismemberment

This plan provides up to five (5) times annual salary to a maximum coverage of \$1,000,000 in the event of accidental death or dismemberment. The PHSA pays the full premium costs.

The BCCA Medical/Dental benefit program provides up to four (4) times annual salary to a maximum of \$400,000 in the event of accidental death or dismemberment. The PHSA pays the full premium costs.

Long Term Disability Insurance

This plan provides continuing income in the event of total disability. The taxable benefit is 77% of pre-disability gross salary to a maximum monthly benefit of \$10,000. The PHSA pays the full premium costs.

The BCCA Medical/Dental benefit program provides continuing income in the event of total disability. The taxable benefit is 85% of pre-disability gross salary to a maximum monthly benefit of \$7,000. The PHSA pays the full premium costs.

Income Protection Program

While incapacitated for non-occupational illness or injury, employees will have their regular salary and benefits continued for the 120-day waiting period for Long Term Disability.

Pension Plan

Eligible NEOs participate in the Municipal Pension Plan.

Perquisites

The CEO and COO are provided a car allowance. Parking is paid for by PHSA for the CEO and executive staff located at PHSA's corporate office.

The President of BC Children's Hospital and the President of the BC Cancer Agency have relocation allowances.

Annual Leave

Executives are eligible for annual vacation entitlements as follows:

- For the first year of employment annual vacation shall not exceed thirty (30) days.
- For each additional year of employment, one (1) additional day, up to a maximum of thirty-five (35) days.

Vacation credits are not cumulative from calendar year to calendar year and must be taken. Annual leaves are included in the base salary component of the Summary Compensation Table.

Summary Compensation Table FISCAL 2013

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals		
							2011 / 12	2010 / 11	
Lynda Cranston, Chief Executive Officer	\$ 351,008	\$ -	\$ 9,063	\$ 63,691	\$ 13,973	\$ 437,735	\$ 441,356	\$ 433,276	
Robert Brunham, Provincial Executive Director - BC Centre for Disease Control	\$ 329,159	\$ -	\$ 35,606	\$ -	\$ -	\$ 364,765	\$ 367,141	\$ 396,060	Note (1)
Larry Gold, President, BC Children's Hospital & Sunny Hill Health Centre for Children	\$ 254,844	\$ -	\$ 12,590	\$ 23,098	\$ 55,080	\$ 345,612	\$ 359,042	\$ 328,620	
Brian Schmidt, President, BC Cancer Agency	\$ 265,134	\$ -	\$ 12,733	\$ 24,020	\$ 35,162	\$ 337,049	\$ 21,363	n/r	Note (2)
Max Coppes, President, BC Cancer Agency	\$ 292,308	\$ -	\$ 12,215	\$ 26,659	\$ -	\$ 331,182	n/a	n/a	Note (3)
Arden Krystal, Chief Operating Officer	\$ 261,450	\$ -	\$ 12,854	\$ 23,714	\$ 8,910	\$ 306,928	n/a	n/a	Note (4)

**Public Sector Executive Compensation Reporting Guidelines
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation**

Summary Other Compensation Table FISCAL 2013

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)	
Lynda Cranston, Chief Executive Officer	\$ 13,973	\$ -	\$ -	\$ -	\$ 8,040	\$ -	\$ 5,933	Note (5)
Robert Brunham, Provincial Executive Director - BC Centre for Disease Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Larry Gold, President, BC Children's Hospital & Sunny Hill Health Centre for Children	\$ 55,080	\$ -	\$ -	\$ -	\$ -	\$ 53,000	\$ 2,080	Note (6),(7)
Brian Schmidt, President, BC Cancer Agency	\$ 35,162	\$ -	\$ 35,162	\$ -	\$ -	\$ -	\$ -	
Max Coppes, President, BC Cancer Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Note (8)
Arden Krystal, Chief Operating Officer	\$ 8,910	\$ -	\$ -	\$ -	\$ 7,470	\$ -	\$ 1,440	Note (6)

Notes:

- (1) Not an employee of PHSA. Amounts paid to the University of British Columbia
- (2) Employment ceased December 31, 2012
- (3) Commenced employment on August 15, 2012.
- (4) Commenced employment on April 2, 2012.
- (5) 'Other' is employer paid parking, and vehicle insurance, fuel and repairs and maintenance
- (6) 'Other' is employer paid parking
- (7) Annual relocation allowance of \$53,000
- (8) One-time relocation allowance of \$50,000 paid by PHSA, and relocation allowance of \$35,126 paid by the BC Cancer Foundation