

June 6, 2014

Mr. Lee Doney
President and CEO
Public Sector Employers Council Secretariat
2nd Floor, 880 Douglas Street
Victoria, BC
V8W 2B7

Dear Mr. Doney,

Re: 2013/14 Executive Compensation Disclosure

Please find attached the required reports on the President and Chief Executive Officer and the four highest ranking corporate executives, in terms of compensation, as required by legislation.

By submitting these reports, I attest the following:

- The Board is aware of the executive compensation paid in the prior fiscal year;
- The compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer. It also includes the value of any pre or post-employment payments made during the 12 month period before or after the term of employment;
- Verifying that compensation provided was within approved compensation plans and complies with these guidelines.

Sincerely,



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

Attachment(s): Compensation Discussion and Analysis
Summary Compensation Table



Fraser Health Authority Compensation Discussion & Analysis

June 1, 2014

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. The salary ranges for the senior executive jobs
- 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* set a goal for salary ranges to be based on the market average, referred to the 50th Percentile. This was 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 job evaluation and 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 Fraser Health's 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. Primary differences include 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. 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 are reported for the four highest ranking administrators/executives on the attached Summary Compensation Table. With respect to Other Compensation reported:

- Brian Woods, VP Corporate Services Integration retired from Fraser Health In December 2013. He qualified for the payment of a Retirement Allowance, payout of unused vacation and a percentage of unused credits in his Short-Term Sick Bank. These are all part of the approved Executive/Management & Management Support Compensation Plan. In addition, as he was leaving Fraser Health all vacation owing was paid. The CEO and Board had reviewed and approved his carry-over.
- Geoffrey Crampton, VP People & Organization employment was terminated December 31, 2013. He qualified for payout of unused vacation and a percentage of unused credits in his Short-Term Sick Bank. These are all part of the approved Executive/Management & Management Support Compensation Plan.

Summary Compensation Table at FISCAL, 2014								
Name and Position (a)	Salary (b)	Bonus and /or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012 / 13 (s)	2011 / 12 (t)
Nigel Murray, President & CEO	\$ 348,660	\$ 30,000	\$ 28,316	\$ 31,047	\$ 6,000	\$ 444,023	\$ 444,023	\$ 438,348
Brian Woods, VP, Corporate Services	\$ 218,196	\$ -	\$ 24,628	\$ 26,588	\$ 226,839	\$ 496,251	\$ 349,800	\$ 345,200
Andrew Webb, VP Medicine	\$ 271,440	\$ -	\$ 24,430	\$ 24,171	\$ -	\$ 320,040	\$ 320,040	\$ 315,850
Geoffrey Crampton, VP People & Organizational Dev.	\$ 971	\$ -	\$ 22,419	\$ 22,474	\$ 263,778	\$ 309,642	\$ 297,282	\$ -
Philip Barker, VP Infomatics	\$ 247,065	\$ -	\$ 23,346	\$ 22,212	\$ -	\$ 292,624	\$ 295,000	\$ -
Marc Pelletier, VP Operations & Strategic	\$ 247,065	\$ -	\$ 23,233	\$ 22,000	\$ 1,901	\$ 294,198	\$ -	\$ -
Paul Van Buynder, VP Public Health & Chief	\$ 246,645	\$ -	\$ 19,321	\$ 20,371	\$ -	\$ 286,336	\$ -	\$ -
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Summary Other Compensation Table at FISCAL, 2014							
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)
Nigel Murray, President & CEO	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -
Brian Woods, VP, Corporate Services Integration	\$ 226,839	\$ -	\$ 87,278	\$ -	\$ -	\$ -	\$ 139,560
Andrew Webb, VP Medicine	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Geoffrey Crampton, VP People & Organizational Dev.	\$ 263,778	\$ 191,233	\$ 13,646	\$ -	\$ -	\$ -	\$ 58,900
Philip Barker, VP Infomatics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marc Pelletier, VP Operations & Strategic Planning	\$ 1,901	\$ -	\$ 1,901	\$ -	\$ -	\$ -	\$ -
Paul Van Buynder, VP Public Health & Chief MHO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Notes:

Note 1: Marc Pelletier and Paul Van Buynder were not previously reported as they were not one of the 5 highest paid executives in the prior fiscal year.

Note 2: Brian Woods retired from Fraser Health on December 18, 2013. The vacation payout was the remaining vacation pay owing when he left Fraser Health employment.

Note 3: Geoffrey Crampton ceased employment at Fraser Health April 1, 2013 but received salary continuance, including benefits, in lieu of severance until December 31, 2013. The vacation payout was the remaining vacation pay owing when he left Fraser Health employment.

Note 4: Certain employees with 10 years or more of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service. Included in other compensation (column k) both Brian Woods and Geoffrey Crampton were entitled to and received these benefits.