

June 12, 2014

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

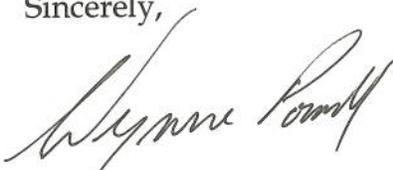
Dear Mr. Doney:

RE: 2013/2014 Statement of Executive Compensation – Provincial Health Services
Authority

The 2013/2014 Statement of Executive Compensation of the Provincial Health Services
Authority (PHSA) has been reviewed and approved by myself as Board Chair of PHSA.
I confirm 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 PHSA, foundations, subsidiaries or any other organization related to or associated with PHSA. 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.
- Compensation was within approved compensation plans and complies with such guidelines.

Sincerely,



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

/cp



June 12, 2014

Ms. Kindree Draper/Ms. Pratibha Bhatnagar
Public Sector Employers' Council Secretariat
Pratibha.Bhatnagar@gov.bc.ca

Dear Ms. Draper/Bhatnagar:

**RE: 2013/14 Compensation Disclosure Report
Statement of Executive Compensation
Provincial Health Services Authority**

I have attached the 2013/14 Statement of Executive Compensation for the Provincial Health Services Authority.

Please contact me at 604-675-7410 if you have any questions.

Yours truly,

A handwritten signature in blue ink that reads "L. Barley". The signature is fluid and cursive.

Lara Barley
Interim Chief Human Resources Officer
Provincial Health Services Authority

Att.

**Public Sector Executive Compensation Reporting
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation
2013/14**

COMPENSATION DISCUSSION AND ANALYSIS

PHSA plans, manages and evaluates specialty and province-wide health care services across BC, working with the five geographic health authorities to meet local and provincial needs. The goal is to ensure that everyone in the province has access to the kind of specialized health services they need, when they need them, wherever they happen to live.

PHSA achieves this goal by fulfilling three main roles:

1. It is responsible for managing and governing well-known specialized agencies and services:
 - BC Cancer Agency
 - BC Centre for Disease Control
 - BC Children's Hospital and Sunny Hill Health Centre for Children
 - BC Mental Health Substance Use Services (including Forensic Psychiatric Services and Child and Youth Mental Health)
 - BC Renal Agency
 - BC Transplant
 - BC Women's Hospital & Health Centre
 - Cardiac Services BC
 - Perinatal Services BC
2. It plans, coordinates, evaluates and, in some cases funds specialized services delivered by the regional health authorities. PHSA's role supports the accessibility, quality, efficiency and effectiveness of province-wide programs and services.
3. It supports major health system collaboratives through its two divisions:
 - BC Emergency Health Services (including BC Ambulance Service, BC Bedline, and BC Trauma)
 - Health Shared Services BC (HSSBC)

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.

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.

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 returning 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.

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, in most circumstances, 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 tool. If approved, 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 and perinatal care. As a result, we employ a higher number of specialists than other health authorities. In addition, due to our structure, we are responsible for and report out on the Agencies and Services that comprise PHSA, the senior leaders of which are employees of those Agencies/Services or may be paid by a partner organization in some instances (eg. UBC).

Benefits

PHSA executive benefit package is comparable to other health sector employers in British Columbia and includes 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.

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).

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.

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.

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.

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 or the Public Service Pension Plan in the case of BCEHS.

Perquisites

The CEO, COO and EVP (BCEHS) are provided a vehicle allowance. Parking is paid for by PHSA for the CEO and executive staff located at PHSA's corporate office.

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.

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

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)
Carl Roy, President and Chief Executive Officer	\$ 288,930	\$ -	\$ 13,886	\$ 26,072	\$ 19,342	\$ 348,229	\$ 316,905	\$ 306,930
Lynda Cranston, President and Chief Executive Officer	\$ 133,713	\$ -	\$ 6,291	\$ 24,580	\$ 89,129	\$ 253,713	\$ 437,735	\$ 441,356
Robert Brunham, Provincial Executive Director - BC Centre for Disease Control	\$ 329,159	\$ -	\$ 35,606	\$ -	\$ -	\$ 364,765	\$ 364,765	\$ 367,141
Max Coppes, President, BC Cancer Agency	\$ 501,796	\$ -	\$ 13,794	\$ 45,766	\$ -	\$ 561,356	\$ 331,182	\$ -
Michael MacDougall, Executive Vice President, PHSA and President, BCEHS	\$ 273,089	\$ -	\$ 19,619	\$ 24,948	\$ 8,805	\$ 326,460	\$ 322,032	\$ -
Arden Krystal, Chief Operating Officer	\$ 273,976	\$ -	\$ 12,482	\$ 24,686	\$ 9,240	\$ 320,385	\$ 306,928	\$ -

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)
Carl Roy, President and Chief Executive Officer	\$ 19,342	\$ -	\$ 10,462	\$ -	\$ 7,800	\$ -	\$ 1,080
Lynda Cranston, President and Chief Executive Officer	\$ 89,129	\$ -	\$ 45,474	\$ -	\$ 2,680	\$ 38,273	\$ 2,701
Robert Brunham, Provincial Executive Director - BC Centre for Disease Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Max Coppes, President, BC Cancer Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Michael MacDougall, Executive Vice President, PHSA and President, BCEHS	\$ 8,805	\$ -	\$ 405	\$ -	\$ 8,400	\$ -	\$ -
Arden Krystal, Chief Operating Officer	\$ 9,240	\$ -	\$ -	\$ -	\$ 7,800	\$ -	\$ 1,440

Notes:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service. Credits are paid out at the time of leaving the workforce if the person leaves on or after age 55 upon retirement, termination, death or disability. No payout is made in the event that the employee is dismissed with just cause.

Carl Roy, President and Chief Executive Officer

1. April 1 to June 20, 2013, Carl Roy was the Executive Vice President and Chief Administrative Officer with an annualized base salary of \$272,000.
2. Effective June 21, 2013, he was appointed the Interim President and CEO with an annualized base salary of \$295,000.
3. Effective January 20, 2014, he was formally selected as President and CEO however, the new pay structure became effective April 1, 2014.

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

4. Deferred vacation payout (column g) in April 2013 for FY2012-13 vacation time earned but not taken.
5. Other Compensation (column k) includes employer paid parking.
6. FY2013-14 compensation increased by 10% compared to FY2012-13. The increase is due to Carl Roy's new position as Interim President and CEO as well as the lump-sum vacation payout discussed in item #4.

Lynda Cranston, President and Chief Executive Officer

1. Lynda Cranston retired August 1, 2013.
2. Vacation payout (column g) in Aug 2013 for FY2013-14 vacation time earned but not taken.
3. Perquisites (column j) includes a retirement allowance consistent with PHSA's Employment Terms and Conditions.
Qualifying PHSA employees are eligible to receive one week's pay for every two years of service, paid at current pay rates and subject to a maximum amount of 20 weeks.
4. Other Compensation (column k) includes employer paid parking, vehicle insurance and fuel.

Robert Brunham, Provincial Executive Director - BC Centre for Disease Control

1. Not an employee of PHSA. Compensation amounts are paid to the University of British Columbia. During FY 13/14 Robert Brunham commenced transition of his duties to others as part of upcoming retirement.

Max Coppes, President, BC Cancer Agency

1. \$74,999.86 paid in addition by the BC Cancer Foundation for services performed.
2. FY2013-14 compensation increased by 70% compared to FY2012-13. Max Coppes joined PHSA in Aug 2012; in FY2012-13 he was employed for 8 months. In FY2013-14 he was employed for the full year.

Michael MacDougall, Executive Vice President, PHSA and President, BCEHS

1. Michael MacDougall resigned March 28, 2014 and did not qualify to receive a retirement allowance.
2. Deferred vacation payout (column g) in April 2013 for FY2012-13 vacation time earned but not taken.
3. In April 2014, Michael MacDougall received a payment of \$54,714 which represents FY2013-14 vacation (and other accrued leave) earned but not taken.

Arden Krystal, Chief Operating Officer

1. Other Compensation (column k) includes employer paid parking.